



**RESTRUCTURING ASSISTANCE AND POLICY ADVICE FOR THE
MINISTRY OF AGRICULTURE AND FOOD OF GEORGIA**

Contract No. LAG-I-00-98-00026-00, Task Order 804
BASIS IQC

**PHASE II
FIFTH REPORT
OCTOBER 1, 2002-DECEMBER 31, 2002**

MISSION

To assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that more effectively facilitates increasing the welfare of the country's agri-food producers and consumers.

MAJOR ACHIEVEMENTS DURING THE REPORTING PERIOD

In October-December, 2002, the Restructuring Assistance and Policy Advice Project:

- Assisted with efforts to bring Georgian agrifood standards into accord with WTO requirements and European Union legislation
- Developed detailed recommendations and procedures for unification of agricultural inspections (regulatory agencies)
- Held a seminar jointly with the Anti-Corruption Bureau of Georgia to discuss lessons learned in the Ministry of Agriculture and Food
- Continued assistance to develop a long-term strategy for the MAF and the agricultural sections of the Poverty Reduction and Economic Growth Program
- With support from USAID/Caucasus OEG negotiated changes in the draft law "On Licensing of Food and Tobacco Production" that makes it considerably more transparent and reduces the regulatory burden it might otherwise impose
- Carried out extensive field examinations of the use of MAF resources
- Provided continuing policy advice to the Minister and his deputies on a wide variety of issues
- Provided legal drafting and legal analysis assistance to the Ministry
- Continued development of the Ministry's public information activities, including a daily survey of the local press on agricultural-related issues and periodic surveys of new agricultural-related legislation
- Provided information, translation assistance, advice and "good offices" for the Ministry in dealing with many international donors and programs

CONTENTS

MISSION	I
MAJOR ACHIEVEMENTS DURING THE REPORTING PERIOD	I
PROJECT BACKGROUND.....	1
POLICY AND INSTITUTIONS	2
THE ROLE OF AN AGRICULTURAL POLICY UNIT	4
STRATEGY FOR MINISTRY REFORM	5
ACTIVITIES DURING THE REPORTING PERIOD	8
Anti-corruption and legal assistance.....	8
Monitoring of remaining issues from “Counterpart Fund”	8
Agrobusiness Bank	8
Cooperation with Anti-Corruption Bureau of Georgia	10
Policy Advice and Analysis	11
Development of Ministry Strategy/PREGP	11
Georgia’s agricultural-related WTO obligations	11
Grades and standards (Codex Alimentarius /HACCP) training	16
EU harmonization.....	16
Draft Laws of Georgia on the Issuance of Licenses and Permits.....	17
Grain	19
Cannery and Food Processor Taxation	19
Ministry restructuring	19
Development of new overall structure.....	20
Ministry reorganization commission	21
MAF Work Plan and Reporting.....	21
Budget, Accounting and Financial Management.....	21
“Legal Entity of Public Law” Problem.....	21
Unification of Inspections.....	22
Internal Control Unit	22
Other activities.....	24
Ministry computer network and computer training	24
Information and Outreach.....	24
OUTSTANDING ISSUES.....	24
Cooperation with FSP	24
Inspection unification	24
Legal Entities of Public Law.....	24
PLANNED ACTIVITIES FOR NEXT PERIOD	25
ANNEX 1. PROJECT STAFF AS OF DECEMBER 31, 2002.....	26
ANNEX 2. BENCHMARK STATUS AS OF DECEMBER 31, 2002	27
ANNEX 3. MAF ORGANIZATION CHART AS OF DECEMBER 31, 2002	29
ANNEX 4. NOTIFICATIONS TO WTO BY GEORGIA ON AGRICULTURAL-RELATED MATTERS AS OF NOVEMBER 22, 2002	30

ANNEX 5. REVISED MAF DRAFT LAW OF GEORGIA “ON THE PROCEDURE FOR ISSUING LICENSES AND PERMITS FOR THE PRODUCTION OF FOOD PRODUCTS AND TOBACCO”	32
ANNEX 6. DRAFT LAWS AMENDING LAWS ON USER FEES	35
ANNEX 7. REPORT ON MEETING WITH GEPLAC TO PLAN WORK TO HARMONIZE STANDARDS WITH EUROPEAN UNION	51
ANNEX 8. SUMMARY ORGANIZATION CHART OF REORGANIZED MAF	58
ANNEX 9. DEFINITION OF “LEGAL ENTITY OF PUBLIC LAW”	59
ANNEX 10. INTERNAL CONTROL UNIT REPORT ON THEFT OF IRRIGATION FACILITIES	61
ANNEX 11. REPORT FROM INTERNAL CONTROL UNIT ON CONFLICT OVER CONTROL OF PRODUCE SOLD IN MARKETS IN KUTAISI	63
ANNEX 12. DOCUMENTS PREPARED BY THE PROJECT DURING THE REPORTING PERIOD	65
ANNEX 13. PROJECT TRANSLATIONS DURING THE REPORTING PERIOD	68
ANNEX 14. MAJOR MEETINGS AND TRAVEL DURING THE REPORTING PERIOD	76
ANNEX 15. ABBREVIATIONS.....	81

Agriculture may now be the most important economic activity in Georgia, estimated to provide up to 30 percent of the country's Gross Domestic Product. As much as 60 percent of the population survive through agricultural work. Georgia's land reform legislation allowed most rural residents to expand their plots from what they held during the Soviet era, so that a household's land holdings now average about 1.25 hectares, in the process breaking up and physically dividing many of the former large farms. Those small plots provide subsistence for most of the population. Input-supply, service and processing capacities essentially disintegrated, as the command economy and enormous captive market for which they were constructed ceased to exist. They have yet to be replaced by functionally equivalent economic actors suited to the new situation. The country does not produce enough basic foodstuffs to meet its own needs, which should be no disaster given the country's potential to produce other, higher-value and value-added agricultural products, but agricultural exports have been limited and difficult because of lack of knowledge about possible markets and their requirements, an underdeveloped banking and transportation infrastructure, and administrative barriers to movement. The Georgian government is extremely fragmented and the Ministry of Agriculture and Food, even under leadership from a post-Soviet generation, has not yet completely shaken off its Soviet past.

The direct mission of the "Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of Georgia" Project (RAPA) is to assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that more effectively facilitates increasing the welfare of the country's agri-food producers and consumers.

Like any policy-oriented effort, the project deals with a wide variety of issues simultaneously. This report is therefore equally wide-ranging. The following four major subsections, describing the genesis of the project, offering some reflections on the problem of "policy" in a post-Soviet state, presenting the idea of an agricultural policy unit and summarizing the project's diagnosis of the weaknesses of the Ministry of Agriculture and Food, are largely restatements of previous submissions. The following long section considers in turn work to counter corruption, policy analysis, organizational restructuring and other activities during the quarter being reported. The text concludes with a discussion of current management and strategy issues and a brief consideration of upcoming work. A series of annexes include materials related to particular topics covered in the main text, as well as some summary data on project work during the reporting period. Although all the items in the annexes are important, it is unlikely that any reader will find them all of equal interest. Not all annexes are included in the Georgian version of this report prepared for the Ministry, as many annexes are translations of Georgian documents.

PROJECT BACKGROUND

The present Ministry of Agriculture and Food of Georgia (MAF), chartered by a Presidential decree of November 17, 1997, is the latest incarnation of an institution which has existed, in one form or another, throughout almost the whole Soviet and post-Soviet period, and which has always been primarily concerned with directing agricultural production. The Ministry is organized hierarchically with smaller versions of its major departments located in each district of the country. As a consequence of the breakup of the Soviet Union and, in Georgia, the extensive civil conflicts that accompanied and followed that disintegration, however, the Ministry has largely lost control of "its" local units.

The USAID-supported RAPA responds to Georgian Minister of Agriculture and Food David Kirvalidze's October 2000 letter, distributed to USAID, the IMF, the World Bank, the European Commission and others requesting donor support for a "temporary agricultural policy analysis group."

The project's three primary activities were specified in its original task order and by the USAID/Caucasus Mission Director at project inception. A fourth task has followed in practice from the first three:

- Providing a policy advisor who can build a close working relationship with the Minister
- Supporting reform of the Ministry as an agency of the Government of Georgia to make it useful and effective in a market economy
- Carrying out analytical and other work to ensure that the MAF receives "best practice" advice about both its policy and institutional form
- Supporting Ministry efforts to root out existing corruption and prevent its recurrence

The RAPA project, organized as a task order to Development Alternatives, Incorporated (DAI) under the USAID BASIS indefinite quantity contract, began in December 2000 when the USAID mission arranged an initial two-week visit to Georgia for the proposed expatriate senior advisor and began its formal Phase I operations on February 3, 2001. Initially contracted for four months, a contract modification for a Phase II of the activity through August 28, 2002, was completed by USAID on August 27, 2001.

On April 25, 2002, Minister of Agriculture and Food Kirvalidze, in a letter to the USAID Caucasus Mission Director, requested that USAID extend support for the project for a further two years. The Mission then prepared a new Statement of Work for an extended Phase II of the activity which it released in July, 2002. DAI responded with a technical proposal covering the period up to December 31, 2003. This proposal was accepted, subject to the completion of a set of benchmarks, and a contract modification extending through the end of 2003 was issued by USAID on August 26, 2002. The USAID Cognizant Technical Officer accepted the benchmarks on October 31, 2002, within the time period required by the Contract modification. The current end date for the activity is December 31, 2003.

POLICY AND INSTITUTIONS

The RAPA is, by definition "working with the government." In a situation where the Georgian government is often at best ineffective and not infrequently actively harming its citizens' clear collective interests, that is not always popular nor easy. However, Georgia is an independent country with an internationally-recognized government. Foreign assistance is offered under a bilateral treaty that assumes the government is sovereign. So, if there are issues of policy that are government concerns—and world practice shows that there are many such—there is no real alternative to dealing with the government. That is not, of course, to say that a donor should deal only or primarily with the government, but it is the natural counterpart of this particular technical assistance effort.

In any government, policy making is a process of balancing many interests and deciding which are to have priority. Whether considered as a feedback loop, a continuous set of transactions between governors and governed, or a structure in which government sets limits and civil society acts within those limits, governmental policy making always requires hard

choices. Georgian governmental institutions in the Soviet era never had that fundamental responsibility, existing only as local agencies of the imperial power, charged with implementing decisions made elsewhere. Georgian officials and politicians continue to see their problem more as one of policy implementation than of policy-making. The very weakness of Georgia's institutions makes hard choices harder because of lack of knowledge and information and the capture of many government agencies by those interests the agencies should be regulating and balancing against other social concerns. The Georgian government lost any possible ability to manage all of society as soon as it lost free access to the resources of the rest of the former Soviet Union. But the government has not yet really ceased trying to manage everything. Georgian government officials at all levels and of all ages are uncomfortable with freely associating, unregulated groups in "civil society." Moreover, the government is only slowly developing the new capacities that will allow Georgia to function effectively in an open international system. New governmental functions require fundamental structural change.

For a moment in 1990 and 1991, it appeared that the transformation of former Soviet-type economies and polities into market-oriented democracies could be done fairly quickly, and, in large part, with "the stroke of a pen." Whether or not that was ever really true is now a matter for historians to debate, but the fact is that thirteen years after Georgia declared its independence, and twelve years after it took it, Georgia is still far from having a functioning set of market and democratic institutions. As a result, grand policy prescriptions have come to be more and more distrusted among donors and residents in and donors to the region. No one still expects that economies and institutional arrangements developed over several generations can be quickly and easily transformed.

Attempts simply to translate Western market institutions and laws into post-Soviet states have too often failed or led to serious unintended consequences. Reasonably enough, consultants and foreign officials have tended to push for the institutional framework with which they are most familiar and which they know works—arrangements like those in their own home countries. Because many often incompatible, specific institutional arrangements exist in the various countries offering advice, however, different consultants have emphasized various, often equally incompatible, institutional solutions to a transitional problem and occasionally have even come into conflict with one another over the "right" institutional and policy framework. This conflict of models is particularly severe in agriculture. Because both the European Union and the United States have extraordinarily productive agriculture and food systems in which well-organized but highly competitive producers often turn to government regulation as a way to mitigate competitive pressures and absorb excess production, and because experts from either side of the Atlantic tend to take their own institutional framework for granted—and reflexively defend it when challenged—there have been especially many attempts to translate what turned out to be questionably applicable institutional frameworks for agriculture to the independent states of the former Soviet Union, including Georgia.

A model of policy reform that presumes that "if we just tell them how they should do it, the job is done" assumes away the problem it is trying to fix. Recommendations that Georgia adopt institutional models that work somewhere else presume that the current political structures in Georgia are strong enough to adopt those changes and actually implement them. Getting real change on the ground by government action is difficult enough in the most

developed Western systems¹; it is especially hard in a country like Georgia, whose institutions developed not for “policy-making” but as transmission belts for decisions made elsewhere. The Georgian system continues to be based on the assumption—precisely parallel to the donor assumption about “stroke of a pen” change noted above—that giving an order at the top is equivalent to having a change made in everyday life. This false assumption was central to the collapse of the Soviet Union, and it is no more correct in a much less capable post-Soviet state. The leaders of the institutions, both those identified as progressive and receptive and those often considered incorrigible, know very well that their system is not working as it should. But they neither have clear ideas about how to change their institutions to more effectively accomplish their ends, nor the resources—financial, institutional, or political—with which to do so. The purpose of the RAPA is to assist in developing those ideas and creating and mobilizing the needed resources.

THE ROLE OF AN AGRICULTURAL POLICY UNIT

The Minister’s original request to donors asked for help in establishing an agricultural policy unit of a sort that has been funded by various donors in many of the transition economies of Central Europe and the former Soviet Union. The most successful APU and the model for others is the Agricultural Policy Analysis Unit of the Foundation for Assistance Programs to Agriculture (SAEPR) in Poland which is supported by the World Bank, the European Union and the Polish government. Agricultural policy units are also functioning in Ukraine, Latvia and Bulgaria. Attempts to establish them were made, unsuccessfully, in the Russian Federation by the EBRD and in Uzbekistan by EU Tacis. One of the three principal recommendations for advancing agricultural sector reform in Georgia made by the CASE analysts led by former Polish Minister of Finance Leszek Balcerowicz in the spring of 2001 was for the establishment of such a unit in the Georgian MAF.

Agricultural Policy Units:

- help develop and implement market-oriented agricultural policy;
- train their staff in Western analytic techniques and approaches;
- serve as points of contact between donors and recipients; and
- act as catalysts in transforming the structure and functions of government agencies concerned with agricultural policy.

Successful agricultural policy units such as the Polish SAEPR drive overall agricultural reform in their country. Like all public policy activities, they blend quality research, data collection and analysis with policy advice and advocacy that flows organically from their attempts to carefully and critically understand the real situation and issues in the sector, to develop policy alternatives to address those issues, and to dispassionately present the costs and benefits of those alternatives to policy-makers. Although initiated and supported by donors, APUs are locally-run and managed, and do not work if they do not eventually acquire value and importance in the eyes of the country’s agricultural policy-makers. The SAEPR was eventually institutionalized in the form of a foundation incorporated in Poland supported

¹ The classic commentary on this problem is Jeffrey L. Pressman and Aaron Wildavsky, *Implementation: Or why great ideas in Washington often fail miserably in Oakland* (Berkeley and Los Angeles: University of California Press, 1984).

by funds from a variety of domestic and international sources. Its work, and the people it trained, have played a key role in moving Poland toward the European Union.

One goal of the RAPA is to create a similar capacity within the Ministry of Agriculture and Food of Georgia. As with the SAEPR in the comparatively much wealthier Poland, the policy unit is likely to need some donor support for a considerable period of time. However, also like the SAEPR or its present Ukrainian cousin a relatively low level of support from a variety of international and domestic sources can suffice to create a catalyst for many beneficial changes. That support can most usefully come, as it has in both those other cases, from shifting coalitions of donors and a variety of sources.

A well-functioning APU will multiply the effectiveness of pressure from outside the government from policy change. Such pressure from civil society is critical if better policy is to be developed and implemented. Yet an entrepreneur or a business association is most deeply concerned with immediate policy problems encountered in trying to do business. So such “demand driven” policy reform is likely to be narrowly focused at the immediate objective of the businesses concerned, and in a weak regulatory environment may actually run counter to good policy by furthering too-specific goals. “Demand-driven” policy also tends to be reactive. In a poorly-functioning market economy like Georgia businesses are often too busy trying to survive to do much systematic thinking about their future, nor do they often have the time and resources to stay abreast of issues that do not obviously directly concern them. A well functioning APU can help to alert both the Georgian government and the private sector to potential policy problems before they become real constraints to economic activity.

In Georgia, policy advice must be complemented with organizational change. Making the particular institution of the Ministry of Agriculture and Food of Georgia function as a policy-making and policy-implementing agency that assists economic actors in the agri-food sector to prosper is, therefore, an equally important aim of the RAPA project. An organization is a set of structures and functions. Functions are defined by policy goals. Therefore, the RAPA project must work simultaneously to assist the Ministry to define clear policy goals and to develop and put into place structures capable of supporting those policies. Policy reform within the Ministry cannot work without pressure from outside, from the Ministry’s various constituencies, for change. However, pressure from society will become mere lobbying of special interests unless the Ministry is systematically reformed to become an institution strong enough to carry out policy which is more than the sum of lobbyists’ immediate concerns. Nor can reform in one Ministry work unless it is supported at critical points in the government and the donor community. Thus the RAPA project is part of a broader effort to reform both the economic sector of agriculture and food and Georgian public administration which simultaneously can help the private sector and civil society develop.

STRATEGY FOR MINISTRY REFORM

Despite—or because of—its size and complexity, the MAF is a weak institution. It has little policy or implementation capacity, although the tasks assigned it by the government and performed by its analogues in market economies are many and important. Therefore, the task of reforming the MAF is to help it develop the policy resources to become more effective.

Because the MAF is a sectoral Ministry, not a functional one, its difficulties can only be resolved by many coordinated actions. No single change or remedy can fundamentally

reform the Ministry in the way that a similar drastic alteration might affect the operations of a functional agency such as the Ministry of Tax Revenues or the Customs Service. While it might be easier simply to eliminate the present Ministry entirely and start from scratch, the MAF is what it is because a web of laws, institutional histories and political requirements make it so. For good or ill, as with all the Georgian government, institutional strengthening and capacity building must begin with the organizations that exist. Moreover, there are some things that the MAF is supposed to do, such as dealing with disease and pests, that are everywhere taken to be largely government functions. Those functions are not, despite the existence of MAF units that are supposed to carry them out, being done very effectively in Georgia at present. However, if the MAF is not reformed to have the capacity to carry out those activities, some other part of the Georgian government will have to take them on. Since there is no evidence that the MAF is less competent than other parts of the government, and there is expressed willingness by the MAF management to reform and build capacity, it is sensible to work with it.

The Ministry of Agriculture and Food of Georgia suffers from a number of underlying problems. The project's work is beginning to counter many of these weaknesses, but they still must be kept in mind.

1. The MAF has been a Soviet-style organization operating in a Soviet-type government. That is, missions, procedures and mindsets have remained those of the Soviet command economy. Moreover, employees have continued to behave in Soviet ways, hoarding information, failing to report fully and truthfully to their superiors, and generally not acting as a cohesive organization with a common mission—and common threats and possible penalties (i.e., unemployment) if the organization's core missions are not reasonably well performed.
2. Until recently the MAF has had very weak management and no effective internal controls. The Ministry has continued to operate as part of a single command-economy structure in which organization boundaries have been very fluid and have had little meaning. To the extent they existed, those management checks and balances used to be provided by the parallel organization of the Communist Party, and no new procedures or institutions have yet evolved.
3. The Ministry has been almost entirely irrelevant to the political, administrative, and governmental needs of a successful market economy. Most of the work the MAF has done is not done at all, or is performed by the private sector or other political bodies, in developed market economies. Much of the basic work of ministries of agriculture in OECD countries, particularly market development, general research and data collection and dissemination, and agricultural extension, has not been done at all by the present MAF.
4. The MAF possesses little systematic information about its sector. In this regard, it is probably worse off than any other post-Soviet Ministry of Agriculture. Nor does it possess a culture which values systematic, consistent and careful data or the research skills needed to generate such data and draw policy conclusions. As a result, it is very poorly equipped to serve its clients, whether agricultural producers or consumers, in ways that they would be likely to see as valuable.

5. The MAF's capacity to absorb donor assistance usefully, or even to track it properly, has been overwhelmed. Almost every donor project that has been implemented in cooperation with the MAF since Georgia regained its independence has been under- or mismanaged in such a way that the present Ministry leadership identifies it as a problem, in some cases involving significant legal and financial liabilities for the MAF and the Government of Georgia. While the MAF has now largely dealt with the most explosive of these problems, those stemming from the EU TACIS RARP, more efforts are required to ensure that the continuing quest for resources from donors—a quest which the MAF must inevitably pursue—does not create new difficulties akin to the ones that have now been cleaned up.
6. As a result of these conditions, until recently the present Ministry leadership has been almost entirely occupied in trying to cope with the mess they had inherited, and so unable to concentrate on thinking about what they should be doing, redesigning the Ministry's institutions, or providing better service to their clients.

The assistance provided seeks to help the Minister define what the MAF should do and how it fits into government and the society as a whole, how the MAF should look as an institution at the end of the process of reform and how to achieve that institutional transformation. As manifold donor studies, and the review of comparative experience commissioned for this project, make clear, there are many ways of organizing and structuring a Ministry of Agriculture to get the basic tasks done reasonably well. Institutional details are usually the results of particular history. The transformation of the MAF is equally path-dependent, and therefore there is no reason to think that what emerges will look just like any particular OECD-country model. There are many institutional approaches to such issues as food safety in the developed countries. But if there is considerable disagreement among OECD country analysts on the precise institutional structure they prefer, there is equally great agreement on the basic functions government agencies should and do perform, including the general activities of Ministries of Agriculture.²

The RAPA project seeks to maintain Georgian ownership of the restructuring activities and their results while insisting that real change is needed. This requires careful education of the MAF management and coalition-building within the Ministry, as well as close attention to the complex and shifting political and economic situation in which the MAF operates. Successfully defining new structures also requires that new functions be formulated and understood by the Georgian side. Thus Ministry restructuring, to be effective, must be accompanied by policy analysis and advice.

The project relies on local employees to do the restructuring work. No outside consultant, no matter how skilled, can match intelligent, motivated Georgian citizens' knowledge of, and ability to work with, the MAF. Transforming and strengthening the MAF requires painstaking day-to-day work with and within it. The alternative to this approach could only be to create another pile of reports explaining how things ought to be done. There are very many, often very good, such documents already, and the project collection of them continues to grow. But none of those reports can answer the inevitable objection from even the most thoughtful and committed Georgian policy-makers: "Yes, I know it would be better to do

² The first policy note prepared for the Minister in phase I of the RAPA outlined the usual functions of Ministries of Agriculture in OECD countries. A modified version of this note was incorporated into the Phase II Extension Technical Proposal accepted by USAID/Caucasus in August 2002. See also the survey of experience of other nations' agriculture ministries prepared earlier in this project.

things as you recommend, but how can I become capable of doing things that way?" The RAPA project seeks to help the MAF answer that question. In doing so, it builds the capacity of both the institution and its own local staff.

ACTIVITIES DURING THE REPORTING PERIOD

The following sections of this report describe principal activities during the reporting period in more detail, discussing in turn anti-corruption and legal work, policy analysis, ministry restructuring, the work of the MAF Internal Control Unit, and other RAPA activities. Annex 1 shows project staffing at the end of the period. Annex 2 summarizes the status of the benchmarks required in the Phase II extension submission as of December 31, 2002. Annex 3 is the MAF organization chart as of the end of the period.

Anti-corruption and legal assistance

As noted above, one major reason that Minister Kirvalidze asked the donors for assistance was to deal with the mess of legal and accounting problems he inherited. This "risk assessment" exercise was vital to gain maneuvering room for MAF management and credibility to do more fundamental restructuring. Aside from following legal matters, many of which still descend from those problems, this part of the work plan is completed. However, continuing efforts to fight corruption are a necessary part of the overall Ministry restructuring.

Much of the RAPA's restructuring is designed to make it harder for situations like those examined earlier by the RAPA and the World Bank Risk Assessment Exercise group to recur. The Ministry's Internal Control Unit, discussed further below, also provides an increasingly powerful tool for dealing with such matters.

Monitoring of remaining issues from "Counterpart Fund"

The most tangled web of problems revolves around a series of monetized commodity efforts in the mid- and late 1990s, mostly with products supplied by the European Union in conjunction with the TACIS Regional Agricultural Revival Project (RARP) in 1995-1999. RARP-I and RARP-II provided funds both to directly support the MAF and for providing loans to develop private sector initiatives. The budget support funds, a total of slightly more than eleven million Georgian lari—then worth about eleven million US dollars—were distributed on the direct orders of the then-Minister of Agriculture and Food. Almost all those monies, as documented in a lengthy legal analysis earlier completed by RAPA staff, have been lost.

The European Union eventually responded to this situation by ending the RARP and shifting to budget support through the mechanism of the Food Security Program. The FSP is managed directly by the European Commission rather than being administered as part of the Union's TACIS technical assistance effort. The FSP, which continues to provide most of the budget of the Ministry, is run in conjunction with the Ministry of Finance and provides support to specified budget lines in the MAF rather than to particular activities. Previous FSP technical assistance and the current support of RAPA are directed to ensuring that these funds are transparently allocated and properly used.

Agrobusiness Bank

To salvage what could be preserved from RARP monies, in the European Union shifted from working through the Ministry of Agriculture and Food to directly managing all its remaining funds from that project through a bank established for the purpose. The Agrobusiness Bank

of Georgia was founded in June 1999 and formalized by a Memorandum of Understanding between Georgia and the EU signed by President Shevardnadze on December 1, 1999. The bank is jointly managed by the EU and the Georgian government, with a two-tier continental European-style board structure on which both parties have been equally represented.

The ABG effort has been rather controversial among Georgians. Like all financial institutions structured as corporations, it has been pulled between the need to make a profit in order to be sustainable and the expectation that it existed to assist a particular sector, agriculture, which needed soft credit. This is a standard dilemma of any development banking operation. This tension in its design, however, was worsened by its origins in the RARP. Failed borrowers everywhere tend to suspect they did not get credit because “something fishy” happened, but the ABG has been especially subject to such accusations and rumors. Articles asserting that the ABG continues to be tainted have been a staple of the Georgian press. Members of the oversight board representing the Georgian government have frequently complained that they could not get adequate information on the Bank’s operation or positions. European representatives have reportedly countered that the Georgians are being unreasonable and do not understand how a modern bank must operate.

The bank’s capital is due to be repaid to the Georgian government within three years, and its structure as a publicly-owned entity appears to violate Georgian law prohibiting government ownership of banks. Therefore, the European Union organized a tender in early 2002 to complete the privatization and recapitalization of the ABG within two years. The results of the tender were announced in early June, 2002. On June 18, 2002, a day before he was scheduled to leave Georgia, persons unknown kidnapped the head of the ABG’s European technical assistance operation and former principal RARP expatriate advisor, Mr. Peter Shaw. He was held for almost five months before finally walking away from a shoot-out between his captors and the Georgian Ministry of Internal Affairs on November 6, 2002. Because one of its citizens was involved, the European Union and the European Community Delegation in Georgia exercised considerable pressure on Georgia to locate and free the kidnap victim. As a result, FSP funding to the MAF in the second half of 2002 was greatly delayed, causing severe problems for the operations of the MAF that could not but affect the RAPA project.

Although the Shaw case originated before the project began and no Americans were concerned in it, the project has had little choice but to pay close attention to it. The RAPA project has insisted that the current Minister obtain competent outside legal advice at all stages in dealing with the ABG. The project has consistently advised the Minister and his staff to maintain a stance of neutrality and objectivity in dealing with this inherited matter. Ministry officials have sometimes felt and stated that they feared the results of a possible parliamentary inquiry because it would be easy for deputies to accuse them of not having done everything possible to preserve the ABG’s funds and direct them to subsidizing agriculture. The RARP budget funds are gone beyond reasonable hope of recovery. The ABG, because of the conditions imposed on it and its unfortunate history, cannot be a significant source of agricultural lending. In fact, although the bank’s capital base of six million dollars looks like a large sum to the impoverished Georgian government, that amount is small compared to the investments that would be available from other sources if the policy and economic environment of Georgia were more favorable to investment.

RAPA project management strongly advised the Minister to keep a soft tone when a Georgian newspaper reported in mid-December, 2002, that Shaw had, during an interview in

Britain, accused the Minister of organizing his kidnapping.³ No evidence for this claim has ever been advanced by anyone, and the British Ambassador presented a formal letter of apology, including Shaw's denial that he had ever made the accusation, to the Minister at the end of the year.

All of these events graphically demonstrate how assistance to weak institutions like the post-Soviet Georgian government, requires careful monitoring and capacity-building help if the assistance is not to overwhelm the recipients and eventually create difficulties perhaps greater than those it was offered to resolve. As with policy advice that ends with recommendations for action without help to become able to take those actions, so just providing financial support without helping to create structures that can transparently and competently plan and monitor the financial support is not much real help at all.

Cooperation with Anti-Corruption Bureau of Georgia

Georgia consistently ranks among the most corrupt states in the world. Much of this corruption is an inheritance from the Soviet era when a government position was a license to divert resources to one's private use. Despite efforts to introduce them, for instance through the Law of Georgia "On conflicts of interest," the concepts of "conflict of interest" and "fiduciary duty" do not yet have widely-understood translations in Georgian or Russian let alone clear legal definitions, adequate policing or well-defined, serious penalties. Foreigners with experience elsewhere in the former Soviet Union would suggest that the situation in Georgia is no worse than in the Russian Federation or Ukraine. But that is faint praise, and of no importance to a businessman who has found that he cannot work in Georgia.

In 2000, President Shevardnadze established an anti-corruption commission. That initiative led, in the spring of 2001, to the establishment of a permanent Anti-Corruption Bureau. The Bureau is an advisory agency of the executive branch of the Georgian government reporting directly to the President.

The Bureau's interests have often run parallel to those of the RAPA project. The Anti-Corruption Bureau has done a legal comparison of the founding documents and charters of all ministries and their subordinate agencies, provided recommendations on reduction of regulations and the number of regulatory agencies, and pushed for the creation of better internal controls in the executive branch through the creation of inspectors general. The results of major investigations carried out in the MAF, including the analysis of the Counterpart Fund and the audit of the Phytosanitary Quarantine Inspection Service completed in December 2001 have been referred to the Bureau.

These common interests suggested to all parties that it would be reasonable to discuss that experience and, in particular, to try to work out a common position on the unification of agricultural inspections. The inspections, because they have rule-making and enforcement functions, are fertile sources for corruption. So the RAPA project supported a three-day seminar in Bakuriani at the end of November. Most senior MAF managers, the chairman of the Anti-Corruption Bureau and one of his staff members, a representative of the Georgian Chamber of Control, World Bank employees including a visiting Vice President, the senior Food Security Program Advisor to Georgia, and USAID staff including the Mission Caucasus Director, attended all or part of the workshop. In addition to discussing the experience of the MAF's Internal Control Unit, which was highly praised by the Anti-Corruption Bureau,

³ Tea Rusitashvili, "I was kidnapped by David Kirvalidze and Gocha Pipia," Shaw told Georgian investigators in London," *Alia* (December 12-14, 2002), pp. 1-2.

considerable progress was made in resolving the issue of how to restructure the inspections and relations between the participants drew closer.

Policy Advice and Analysis

Policy advice and analysis involve two activities: the development of systematic knowledge about public policy issues, and the provision of advice, often on an urgent basis, on particular matters. While the advice function is very difficult to plan in advance, it is essential for the credibility of any effort to assist public officials and build institutional capacity, since it responds to the recipients' immediate needs. A sense of this ad hoc advice can be gotten by an examination of the papers and translations produced by the project during the quarter (Annex 12 and Annex 13).

Development of Ministry Strategy/PREGP

If policy is understood as a reasoned choice between alternative courses of action, the MAF until recently has not had any real policy. During the Soviet era, its job was to fulfill instructions from the center. Since the USSR collapsed, it has defined its purpose as continuing to find and deliver as many resources to agri-food sector producers as possible. It has not had any capacity to assess the costs and benefits of its actions nor to present reasoned alternatives. Given this self-definition, it is not surprising that "policy," when it has been developed, has largely been the province of the Ministry's Foreign Relations Department. The logic has been that "the donors insist we have a policy before they will give us resources. Therefore, we will have a policy." This is a rational response, but it is not policy except in the lowest common denominator sense. As might be expected, most of the policy documents drafted have been lists of problems and requests for funding to deal with them, not statements of priorities and planned actions.

With the help of the RAPA project, under Minister Kirvalidze this situation has begun to change. During the quarter, Bidzina Korakhashvili and Sandro Didebulidze continued to assist with revisions of the Ministry's contribution to the IMF/World Bank Poverty Reduction and Economic Growth Program in coordination with representatives of the Ministry's Department of Strategy and Policy and Foreign Relations Department. A final review of the agricultural section of this program was held in the Ministry in late December in which the two RAPA analysts actively participated.

Didebulidze also continued working with Tamaz Kunchulia of the Ministry's Strategy and Policy Department and Roman Kakulia of the Foreign Department to develop a "Strategy for Sustainable Agriculture and the Food Security of Georgia," a basic Ministry strategy document. This document, when complete, will be approved by the President of Georgia as the Ministry's basic policy priorities and guidelines for the next several years.

Georgia's agricultural-related WTO obligations

Georgia has been a member of the World Trade Organization since 1999. However, it is increasingly clear that the implications of accession for the agricultural sector were not well understood or considered very thoroughly at the time it joined.⁴ The balance of this section reviews what, so far as can be established by project staff members, has been done to fulfill those obligation since Georgia joined the WTO. In particular, it surveys the vexed issues of standards and certification. Georgia has had mandatory standards and mandatory certification that products meet those standards. Under its WTO commitments, Georgia is to move to voluntary standards, but much certification is to remain mandatory. That is, the

⁴ RAPA project, "Phase II Fourth Report, July 1, 2002-September 30, 2002," pp. 15-17 and Annex 9.

standards to be enforced are themselves no longer to be set in law, but compliance with them—certification—at least in some particulars, is to remain a legal requirement.⁵

According to the WTO Working Party Report on Georgian accession “the application of mandatory standards to approximately 121 categories of products was formally terminated by Government decree on May 28, 1999.”⁶ It has not been possible to find any such decree. The Agreement on Agriculture covers the product categories shown in Table 1. (The following tables give product categories according to the generally-accepted Harmonized Standard. However, Georgia’s product classifications are descended from Soviet ones and somewhat differ from HS.)

Table 1. Products covered by the WTO Agreement on Agriculture
HS groups 1-2 and 4-24 (agricultural products less fish and fish products), plus

HS Code	Definition
2905.43	Mannitol
2905.44	Sorbitol
33.01	Essential oils
35.01-35.05	Albuminoidal substances, modified starches, glues
3809.10	Finishing agents
3823.60	Sorbitol n.e.p.
41.01-41.03	Hides and skins
43.01	Raw furs
50.01-50.03	Raw silk and silk waste
51.01-51.03	Wool and animal hair
52.01-52.03	Raw cotton, waste and cotton carded or combed
53.01	Raw flax
53.02	Raw hemp

Source: Agreement on Agriculture, WTO

The Annex of the Working Party Report showing products exempted from the application of mandatory certification lists mostly non-agricultural products as defined by the Agreement on Agriculture. Agricultural products exempted from and still subject to mandatory certification are shown in Table 2 and Table 3, respectively. (Fish and fish products are not covered by the WTO Agreement on Agriculture, but they are considered by Georgia to be “agricultural products.”)

Table 2. Agricultural Products Removed from Requirement for Mandatory Certification

Position Code	Description of Product
Group 7	Vegetables and bulbs, tuberous roots
Group 8	Edible fruit or nuts, citrus, and its shells and peel
1214	Foliage beet, edible roots, edible cabbage, hay whether or not granulated

Source: WTO, Working Party Report, WT/ACC/GEO/33

Table 3. Agricultural Products Subject to Mandatory Certification

Position Code	Description of Product
Group 2	Meat and meat products

⁵ The following section was researched and written by Rati Shavgulidze.

⁶ WT/ACC/GEO/31 – August 31, 1999.

Group 3	Fish and other aquatic invertebrates
Group 4	Milk and dairy products, birds' eggs, natural honey, edible products of animal origin
Group 9	Coffee, tea, spices
Group 10	Grain for bread
Group 11	Cereals, starch, inulin
Group 15	Fats, oils, and their fractions of animal or plant origin
Group 16	Meat and fish ready for use products
Group 17	Sugar and sugar confectionary
Group 18	Cocoa and cocoa preparations
Group 19	Preparations of cereals, flour, starch, or milk; pastry products
Group 20	Preparations of vegetables, fruits, nuts, or other parts of plants
Group 21	Miscellaneous edible preparations
Group 22	Beverages, spirits, and vinegar
Group 23	Prepared animal food
Group 24	Tobacco and tobacco products
Group 33	Essential oils and esters, cosmetic or toilet preparations
3501.00.100	Casein, caseinates, prepared glues, etc.

Source: WTO, Working Party Report, WT/ACC/GEO/33.

There is some difference between the list of products subject to mandatory certification given in the Sakstandarti (Georgian State Committee on Standards) order registered at the Minister of Justice on May 13, 1999 “On the List of Imported Products Subject to Mandatory Standards” and those specified in the Working Party Report. For instance, products under group 8 are not reported in the Working Party Report, while products under 3501.00.100 are not reported in the order. This Sakstandarti order has been in force since June 1, 1999.

The Representative of Georgia stated to the Working Party that “in the remaining areas, existing GOST standards would be replaced by voluntary standards in accordance to the transitional plan and as rapidly as funding allowed.”⁷ According to the plan of development and implementation of standards⁸, the Government of Georgia was responsible to replace existing standards fully by the end of 2002. Sakstandarti was responsible to replace 10 percent of standards relevant to foodstuffs and agricultural products by the end of 2001, and the Ministry of Agriculture and Food was responsible to revise remaining 90 percent of standards by the end of 2002. According to this document, “reduction of the number of both imported and local products subject to the mandatory certification to the voluntary certification from 120 to 70 by the end of 2001, and complete transfer to the voluntary certification by the end of 2002 50 percent with the help *(the rest of the sentence is missing)* was delegated to Sakstandarti and the Customs Department.”

According to reliable sources at Sakstandarti, nothing has been done to convert mandatory standards to voluntary ones. Sakstandarti is not even theoretically aware how the conversion has to be carried out.⁹

According to Paragraph 105 of the Working Party Report: “Some members noted that Georgia's legislation and practices covering Sanitary and Phytosanitary measures appeared

⁷ WT/ACC/GEO/33 – August 31, 1999.

⁸ WT/ACC/GEO/28 – July 1, 1999.

⁹ This statement is based on Mr. Giorgi Dangadze's research.

not to meet the requirements of the SPS Agreement. Georgia was asked to provide further information on ongoing efforts to bring its SPS legislation into conformity with the SPS Agreement, including additional steps to be taken, a time frame for implementation, and details on any problems Georgia might have with implementation of the SPS Agreement upon accession. A member sought a commitment from Georgia to abide by the requirements outlined in the SPS Agreement as of the date of accession to the WTO, adding that the establishment of a certification system for imports that did not present unnecessary barriers to trade prior to accession would be a fundamental factor in completing Georgia's accession process.”

In response to this note the Representative of Georgia stated that Georgia was collaborating with GEPLAC and IRIS “to identify the specific aspects of the SPS Agreement not covered by Georgia’s existing regime, and detailed plan had been prepared on steps to bring Georgia’s SPS procedures into conformity with WTO requirements.” (GEPLAC is a TACIS activity that continues to operate in Georgia. The USAID-sponsored project on WTO accession implemented by the University of Maryland’s IRIS Center has since closed, although IRIS now manages another USAID activity.)

According to information obtained from GEPLAC nothing has been done in this regard. So it appears that this “detailed plan” does not in fact exist.¹⁰

Decree of the President of Georgia 678 “On Measures to Implement the Requirements of the WTO Agreement on Technical Barriers of Trade” of December 5, 1998 is considered to spell out a “detailed action plan and time-frame of implementation of TBT Agreement requirements by relevant authorities.”¹¹ This presidential decree ordered Sakstandarti to establish an Information-Notification Center. This document assigned MAF to (1) by March 1999 in concert with the Ministries of Economy and Health Protection to develop security measures (!) of textile and leather products, linen, fabrics, knitted fabrics and shoes, (2) by February 1999 independently to elaborate a national system of certification and accreditation, and (3) by August 1999 in collaboration with the Ministry of Health to develop documents for energy system and energy supply. The decree lists security measures for the number of agricultural products to be implemented during 1999-2000 period, yet does not indicate the government agency to be responsible. Presumably MAF was expected to be the responsible agency.

Reference to this presidential decree was made by the Representative of Georgia when some members of the Working Party commented¹² that

Georgia’s legislation and practices in the area of standards did not meet the requirements of the TBT Agreement, and further, asked Georgia to complete a “Statement of Implementation” on technical barriers to trade and to provide specific information on the move from domestic to international standards, provision of an operational enquiry point, acceptance of TBT Code of Good Practice, information on the procedures and terms for issuing certificates of conformity, including fees, required documentation, sampling, etc., the use of manufacturer’s certification, the adoption of a national post market surveillance system, and the replacement of

¹⁰ Based on Giorgi Dangadze’s research.

¹¹ WT/ACC/GEO/31, 31 August 1999.

¹² WT/ACC/GEO/33.

mandatory standards with voluntary standards, outline of specific deficiencies vis-à-vis WTO provisions in this area, schedule for achieving this compliance, etc.

It appears that Georgia has never completed this “Statement.”

Article 4 of the same presidential decree orders the development of a step-by-step plan for implementation of international standards and sanitary, veterinary, ecological, and phytosanitary norms.

Article 5 orders the appropriate government agencies to ensure elaboration of normative acts appropriate to EU directives during 1998-2003, enabling gradual implementation of international standards, and to manage the introduction and implementation of such standards harmonized with European and international standards ensuring production of competitive products.

Decree of the President of Georgia 113 of March 26, 2001 “On the Management of Georgia’s Membership Relations with WTO” established a Government Commission. Then-Deputy Minister of Agriculture and Food Nugzar Duchidze was appointed as the MAF representative on this body. The Commission was assigned to ensure implementation of Georgia’s WTO membership obligations. Article 7 stipulates MAF obligations in this coordinated effort as follows: (1) to ensure implementation of the requirements of the Agreement on Agriculture (AoA); (2) to ensure the formation of a consultative body comprising representatives of all interested government agencies and their participation in implementation of the requirements of AoA; and (3) to pay special attention to the requirements on transparency and establishment of an SPS information-notification center.

This decree was amended by the April 16, 2002 Decree of the President of Georgia 172 “On Management of Georgia’s Membership Relation with WTO.” According to Article 3, all of the Ministries and Government Agencies were responsible to utilize all measures to ensure timely meeting of all of the obligations of WTO membership. Roman Kakulia replaced Nugzar Duchidze as the MAF representative on the Commission. An attached table depicting obligations, schedule of implementation, and responsible government agencies did not even include the MAF.

On the basis of the March 26, 2001, Presidential Decree 113 “On Management of Georgia’s Membership Relation with the WTO,” the MAF on January 3, 2002 issued order number 2-1 establishing a working group on Georgia’s agricultural obligations under WTO. The MAF working group was to review the AoA and SPS Agreements, and to develop proposals for international organizations and Donors for technical and other types of support (Georgia’s request for technical assistance is provided in February 8, 2002 document G/SPS/GEN/295/Add.3). This order assigns the MAF Department of International Relations to coordinate efforts to implement the AoA and SPS Agreements, to prepare materials, and in a timely manner to provide the WTO secretariat with appropriate information for further distribution among interested members. The Order fails to indicate the importance of submission of proposals to advance Georgia’s interests. This Order also delegates the Veterinary Department and Plant Protection Service to implement tasks under the SPS Agreement as follows: (1) while working on veterinary and phytosanitary measures and during implementation to consider SPS Agreement requirements, and (2) to keep the Department of International Relations informed of proposals and measures under discussion.

This MAF working group met only once, on January 16, 2002. According to the minutes of the meeting, Georgia's commitments on bound tariffs and problems associated with implementation of Green Box Measures were discussed. Also, the working group discussed Georgia's intended membership in the European Plant Protection Organization. It was decided that the Plant Protection Service and the Department of International Relations should collaborate on Georgia's accession to EPPO.

Georgia is required to notify the WTO of all changes in law and regulation that affect its trade with other WTO members. Where possible, notification should be made before adoption of new regulations and laws to allow time for interested parties abroad to comment. A search of the WTO database conducted in late November, 2002, suggests that notifications may have been somewhat lagging (Annex 4).

Grades and standards (Codex Alimentarius /HACCP) training

As the earlier discussion indicates, there is a good bit of confusion about what "international" standards are and how they can be "voluntary." Moreover, while MAF staff have heard the abbreviation "HACCP," a methodology for insuring that food producers adhere to their production standards by "Hazard Analysis and [monitoring of] Critical Control Points," they do not clearly understand it or its relevance to the standards and certification issues.

Discussions between the Minister, USAID Caucasus, the RAPA and the SAVE projects led to a request from USAID that SAVE's short-term expatriate grades and standards specialist spend approximately a week working with the support of the RAPA project to systematically discuss these issues with senior MAF staff from the Food and Processing Industry Department. Mr. Graham Dale of SAVE spent three days at the end of October 2002 beginning this process, then disappeared. Aside from a cryptic email saying that he had been asked by SAVE management to deal urgently with other issues concerning standards and the Ministry, no explanation was ever forthcoming from any quarter about this odd disappearance. The initial training had gone well and was well received by all sides. Several MAF staff still have questions they had wanted to follow up on at the promised next session. Mr. Dale was employed by the SAVE, not RAPA, so if SAVE management chose to use his time for other purposes, the RAPA project cannot object. However, these odd events are likely to make it harder to continue this needed training work in the future.

EU harmonization

In parallel with its WTO membership, Georgia has undertaken initial steps towards harmonization of its legislation, including agri-food sector grades, standards and regulations with those of the European Union, with a long-term intention of joining the EU. President Shevardnadze's decree 613 of June 14, 2001, "On the strategy of harmonization of Georgian legislation with the European community legislation" specifies that the Georgian-European Policy and Legal Advice Center (GEPLAC) is to lead this effort. During the reporting period Mr. Giorgi Dangadze of the RAPA staff became actively involved in this harmonization drive as part of his work on rationalizing the MAF's agricultural inspections. The restructuring of the inspections also flows logically from efforts at WTO harmonization, since most of the work of those inspections involves the enforcement of sanitary and phytosanitary measures.¹³ ("Sanitary" measures concern human and animal health, while "phytosanitary" ones concern to plant health. Animal and plant health are important because of their effect on human health.)

¹³ The following section was written by Giorgi Dangadze and quotes extensively from GEPLAC materials.

The WTO agreement on Sanitary and Phytosanitary Measures allows countries to use different standards and different methods of inspecting products. It builds on previous GATT rules to restrict the use of unjustified sanitary and phytosanitary measures for the purpose of trade protection. The basic aim of the SPS agreement is to maintain the sovereign right of any government to provide the level of health protection it deems appropriate, but to ensure that these sovereign rights are not misused for protectionist purposes and do not result in unnecessary barriers to international trade.

The WTO itself does not and will not develop international standards, guidelines and recommendations on sanitary and phytosanitary measures. Instead, the SPS agreement encourages governments to “harmonize” or base their national measures on the international standards, guidelines and recommendations developed by WTO member governments in other international organizations. These organizations include, for food safety, the joint FAO/WHO Codex Alimentarius Commission; for animal health, the Office International des Epizooties (OIE); and for plant health, the FAO International Plant Protection Convention.

These guidelines and recommendations are directly reflected in the European Union’s regulations and directives. Codex, IPPC and OIE standards are the basis for most EU regulations concerning plant health and animal health.

At a meeting with GEPLAC in late September (Annex 7), Dangadze and members of the MAF staff were briefed on the harmonization effort and given a copy of the presidential decree on harmonization as well as a list of the most important EU standards on animal and plant health (sanitary and phytosanitary measures). In cooperation with other project staff, Dangadze has since been working to understand those standards, to determine which are most important and urgent, and to ensure that plans to reorganize the agricultural inspections, particularly the border services, are in accord with the EU standards. Once a consultative process with the MAF and other interested parties is concluded, this work will result in draft legislation to bring Georgia’s laws and regulations into accord with European ones. If done properly, this will also bring them into closer accord with WTO norms. The MAF has a deadline for the preparatory, analytical and consultative phases of this work set by presidential decree of March 31, 2003.

Draft Laws of Georgia on the Issuance of Licenses and Permits

While the MAF, with the RAPA’s assistance, is trying to determine what the standards should be, it is also involved in on-going government-wide efforts at deregulation. The centerpiece of this effort is the Law of Georgia “On the Licensing of Entrepreneurial Activity and Bases for Issuance of Permits” signed into law in May, 2002. Article 2 of this law specified that the MAF would be responsible for issuance of licenses and permits in certain areas. The State Chancellery therefore ordered the MAF to draft the appropriate laws, which it did by late 2002. The draft laws are:

- “On the licensing of food and tobacco production.”
- “On the licensing of pesticide production and trade and the issue of permits for import and transit of plant products that are subject to control”
- “On the licensing of laboratory activities in agrochemical production, trade, agrochemical and soil protection as well as the identification of agrochemicals’ quality and issue of permits for the export and import of agrochemicals”
- “On the licensing and issuance of permits for the production of agricultural plants and seeds”

- “On the licensing of cattle breeding activities”
- “On the licensing and issuance of permits for veterinary activities”
- “On amendments to the Law ‘On pesticides and agricultural chemicals’”

The first version of the Law “On licensing of food and tobacco production,” released by MAF in September, 2002, was extremely confusing. Essentially, it provided that the MAF would license all sorts of production and issue permits for it as well. In response to concerns expressed by the RAPA project supported by AID’s Office of Economic Growth, a second version was prepared at the end of the year (Annex 5). This version clarifies that licenses to produce food and tobacco items for wholesale and retail sales are to be issued on a one-time basis to an entrepreneur or business. Annual permits (“permits valid for not less than one year”) are then to be issued for each production facility. This change follows the conceptual difference between licenses and permits in the May 14 law on the bases for issuance of licenses and permits. Although there are real questions about the capacity of the Georgian government to carry out inspections even annually, it is reasonable that annual facility inspections should be required. It will, however, be necessary to clarify the relationship between human health inspections likely to be performed by the Ministry of Health and inspections by the MAF’s food technologists.

The master law on Licensing originally specified that all of these specific pieces of legislation, and the many others being prepared by other ministries, were to go into effect by January 1, 2003. At the very end of 2002, the law was amended to move the deadline back to April 1, 2003.

A related legal issue concerns the collection of fees for services by MAF subunits. Under the Law of Georgia “On the basis of the fee system,” fees for service must be approved by a law passed by Parliament, not just a presidential decree or Ministerial Order. At present, fees paid to MAF units are not specified in laws. Moreover, the existing regulations are imperfect, making it easier for inspectors to seek side payments for their services. Therefore, the MAF, with assistance from RAPA lawyers, drafted a package of laws to bring this situation into accord with the Law. These draft laws are:

- “On Addenda to the Law of Georgia ‘On the Basis of the Fee System’”
- “On Amendments to the Law of Georgia ‘On Veterinary Medicine’”
- “On Amendments to the Law of Georgia ‘On Agricultural Quarantine’”
- “On Fees for Quarantine Service”

The texts of these laws are given in Annex 6.

The only reason to oppose these laws would be if they significantly or unjustifiably raised user fees.¹⁴ Although on average service fee levels are reduced in these drafts, it is hard to compare the old and proposed new fee levels because product group composition in the proposal has been altered. The reasons for the changes in product grouping are not entirely clear. In several product categories, such as 1, 5, 7, 11, and 23, differentiated fees have been proposed. The quantity to be inspected and the rate of fee are inversely related. Differentiation according to the fee base is supposed to reduce the burden on traders. However, it is unclear what impact this differentiation might have on small traders, since it could discriminate against them.

¹⁴ The following section was written by Rati Shavgulidze.

Applicable WTO provisions do not regulate fee levels. Since the current fees have been acceptable to WTO members, the proposed fee levels should not cause any complications, although the new laws and schedules should be reported to the WTO Committee on Sanitary and Phytosanitary Measures. This apparently has not been done yet, since the database on Georgia's notifications to this committee does not include any such document (Annex 4).

Grain

During the quarter Mr. Charles Kelly visited Georgia as a consultant to USDA at the request of the Minister of Agriculture and Food. He examined several issues concerning the country's grain supply, including how to restructure the State Regulatory Board Ltd—now managed by the Ministry of State Property—to better ensure that the country holds adequate grain reserves. Mr. Kelly was also informally asked to examine why US-supplied 416(b) wheat continues to sell slowly at the Tbilisi Grain and Oil-products Exchange.¹⁵ Much of his final report was based on information supplied by the RAPA, in particular Bidzina Korakhashvili's estimates of the amount of grain and flour smuggled into Georgia. The project also translated Kelly's report into Georgian at the request of the MAF.

Cannery and Food Processor Taxation

During the quarter the RAPA was asked to assume from the SAVE a policy study dealing with taxation of canneries and food processors in general. This was work that phase I of the SAVE had considered doing as one of their required "pilot" activities at the request of the MAF. However, on reflection the AID Office of Economic Growth decided that the work was more appropriate to the RAPA, and so the task was transferred. The study was originally requested by the MAF following a letter from the management of the Gorkoni cannery complaining that in Georgia's neighbors the tax regime on processors is less onerous than it is in Georgia. As it developed from conversations with the interested parties in the MAF, particularly Deputy Minister Grigolia and Processing Department head Kacharava, they were particularly interested in discovering and perhaps influencing details of the new draft tax code.

It was agreed between the MAF and RAPA that this study would concentrate on attempting to determine the actual current tax regimes applied to agriculture in Georgia and its neighbors. Data collection and verification was well under way at the end of the quarter.

Ministry restructuring

The Georgian government as a whole continues to have excess employees, many of whom are employed to do things that the government does not do in more stable and developed market economies. "Administrative reform," downsizing and simplification, has been a concern of donors and advisors for some years. A World Bank study of Civil Service reform was completed as long ago as 1998, for instance.

In 2001, President Shevardnadze assigned the Anti-Corruption Bureau to develop a program of administrative reform to "simplify the organization chart" as well. Discussions of the Bureau's proposals continued for most of 2002, culminating in the elimination of the Ministry of State Property Management at the end of the year. The RAPA project has repeatedly discussed its evolving plans to restructure the MAF with the Bureau.

¹⁵ The Ministry of Finance continues to insist that 20 percent VAT be charged on sales of the 416(b) grain at the exchange in apparent violation of the agreement under which the grain was provided. See the previous RAPA project report.

In mid-2002, the State Chancellery requested support from the World Bank to develop its own plan of administrative reform. The British Department for International Development funded a short-term consultant, Mr. Ray Purcell, who, working with Deputy State Minister Akaki Zoidze produced a concept of administrative reform that was presented at a conference in the State Chancellery on December 13.

Deputy Minister of Agriculture Tkeshelashvili passed Purcell's documents to the RAPA. Inquiries to DFID and the World Bank led to a series of meetings with them about overall administrative reform plans. The Bank intends, using funds provided by the Japanese government, to follow up on Purcell's work with a more ambitious civil service reform initiative, currently slated to be presented to the Bank board in mid-2003. RAPA staff also spoke directly to Purcell and his associates. As a result, Purcell, the Minister and several RAPA staff met later in December to discuss the experience of the MAF in administrative reform. It appeared from the conversation that the reorganization efforts in the Ministry appeared to Purcell to represent some of the most useful and successful efforts so far undertaken in Georgia in this regard.

Experience in the MAF also emphasizes that simply changing the boxes on an organization chart is not likely to improve the functioning of government. The existing structures are weak, in part, because they have been so frequently subject to such changes. Strong institutions require clear functions, clear boundaries between themselves and other institutions and their environment, well-developed organizational maintenance mechanisms (personnel management and training, purchasing, budgeting, internal auditing, etc) as well as free flows of internal information and clear internal operating procedures.

Development of new overall structure

The general outlines of most Ministries of Agriculture in market economies are similar, although the details vary. However, it had become clear by the middle of 2002 that a more systematic design needed to be presented, not so much because it would be "the" model, but as a basis for further discussion. Such a scheme was also needed to develop benchmarks for the phase II extension.

The chart shown in Annex 8 developed from several months' discussion among RAPA staff and extended conversations with MAF management. This design simplifies the Ministry as much as possible to make the units more manageable and to group similar activities together. Major policy-making functions are directly the Minister's responsibility, as are the Ministry's relations with the outside world in general. The first deputy, of whom by custom in the Georgian government there is one, is responsible for the internal structure of the Ministry, its "organizational maintenance" and housekeeping. One deputy minister is responsible for all the inspection and safety functions. In an ideal world, it might be that those functions would be in a body entirely separate from the MAF, since the Ministry's strongest ties are always likely to be to producers. However, given the situation in Georgia, it is more politically realistic, and probably more effective, to leave those functions where they are in the MAF, but to isolate them from the rest of the Ministry structure.

The design also includes unified personnel, purchasing and accounting departments. These are the major ongoing relations of any organization with the outside world, and they should be done centrally. Many the possibilities for error and corruption will be eliminated when clear, standard, replicable procedures are in place for purchase of goods and services and

hiring and promotion. The Laws of Georgia on Procurement of Goods, Works and Services and Civil Service already are moving this direction at the level of the whole executive branch.

Ministry reorganization commission

The MAF established a committee to develop a reorganization plan in August, 2002. Ministerial order 2-164 of November 19, 2002, extended the life of that commission until December 31, 2003 (the project end date) and assigned it to coordinate reorganization activities. The Commission meets approximately every other week as materials are prepared.

Although not a perfect instrument, this Commission provides a useful forum for regular discussion of reorganization and policy issues and can be a helpful tool for consensus-building among a group of senior managers.

MAF Work Plan and Reporting

The RAPA has been particularly concerned at the poor quality of work planning and tracking in the Ministry. The Minister ordered all units to take comments from RAPA project on work plan into account in drawing up 2003 work plans at November 11, 2002 planning meeting.

Budget, Accounting and Financial Management

As noted most important single activity is to create a budget and accounting system that actually gives MAF management an accurate, up-to-date picture of the Ministry's financial position. This work builds on and continues work begun by the EC Food Security Program in the MAF. The project has already installed a specialty software package in the MAF Central Apparatus Bookkeeping Department. Essentially all day-to-day transactions at that level are now computerized.

At present, each major MAF unit has its own bookkeeping operation which reports only summary information to the MAF Central Apparatus. Work to design budget forms and capture this information in more appropriate detail and in a more accurate and timely manner continues, although its successful conclusion depends on structural change to unify the disparate accounting departments. Doing that should also allow a substantial shift of staff positions from accounting to line functions.

“Legal Entity of Public Law” Problem

Georgian law provides for an organizational form called a “legal entity of public law.” Legal entities of private law are for-profit corporations. Based on the section of the Civil Code where they are mentioned and the subsequent Law of Georgia “On legal entities of public law,” it would be sensible to assume that the analogous form under “public law” is a non-profit organization with a social or political purpose, such as a political party. (For a legal discussion of this concept, see Annex 9.) However, a quickly increasing number of Georgian government units are adopting this organizational structure. The obvious advantage of this organizational form is that it allows the entity concerned to have its own independent bank account and budget and to collect revenues. So the “legal entity of public law” serves largely to hide what would otherwise be general governmental revenues from the national budget. When every agency is desperately searching for funds, this capability is very attractive. However, in a more normal situation, those government agencies which produce the most revenue may not be those which most need to spend that revenue.

However, legal entities of public law are not supposed to carry out the functions of line government agencies. Nor, on the other hand, are they supposed to be subordinated to such agencies, although the law provides that they may be “overseen” by governmental agencies.

For instance, “Sakjishcentri,” the “Center for the Protection of the Rights of Plant Breeders,” although it has a legally-defined role in the process of registration and commercialization of new plant varieties, is, because of its form, not legally subordinate to any part of the Ministry of Agriculture and Food or to any other government body. The creation of legal entities of public law has the effect of fragmenting governmental institutions, masking income and preventing it from being redistributed throughout an agency or the government as a whole, and making central policy direction impossible. Essentially, and despite the formal prohibition on doing so, the way the “legal entity of public law” is being used in the Georgian government has the effect of privatizing particular government functions and agencies to the sole benefit of those who perform them.

Despite repeated objections from the RAPA that creation of more “legal entities of public law” would have the effect of undoing the reorganization efforts the project is trying to promote, pressure to create them continues within the Ministry. This is one of the few issues which probably should be “make or break” for the project. If the MAF insists on continuing to create new such entities that fragment its authority, it is unclear why the project should continue working with the MAF, since the main thrust of the strategy outlined above is to increase the authority of Ministry and centralize administrative procedures while reducing their size.

Unification of Inspections

As previous reports have discussed, the project continues to work on preparing the conceptual and legal basis for simplifying the MAF’s cumbersome, ineffective and corruption-prone inspections. During the quarter, the design work was essentially completed to the level of determining likely staffing needs. As part of this work, Vazha Tabatadze examined the actual staffing of border posts in September-October.

Simplifying the inspections is particularly difficult because each agency has endeavored to strengthen its bureaucratic position by insuring that a law on its particular concerns and institutions has been adopted. In the case of some of these agencies, particularly the Veterinary Department, the laws are so written that the MAF has very limited control over the agency. Hacking through this thicket of often contradictory legislation is a painful and time-consuming process.

Some coordination problems remain. As discussed in the previous report, the Veterinary Department has been designing its own reform for the past three years. Privatization of primary veterinary services is a condition for FSP assistance. Although the FSP has indicated that it would prefer that a single unified inspection proposal, accompanied by all necessary legal and regulatory changes, be put forward when it is fully prepared, the MAF released a draft law amending the Law of Georgia “On Veterinary [Medicine]” on October 2, 2002. This draft cleans up some language and provides that primary veterinary medicine can be privatized. However, its basic conceptual framework remains that of a command economy. It is unfortunate that the momentum behind this limited Veterinary reform, begun long ago and supported by the Veterinary Department, was too great to be stopped. The amendments, if passed, will most likely meet the FSP condition, but they are very much incomplete and it is likely that if this law does pass Parliament in the near future it will complicate the overall inspection unification and simplification effort.

Internal Control Unit

The RAPA project has been supporting the work of the MAF Internal Control Unit since the summer of 2001. This unit, which was originally organized by the Ministry at the suggestion

of the FSP, has proven effective both in checking on particular problems and even more importantly, in showing local officials within and without the MAF apparatus that the Ministry continues to function and is capable of periodically examining the work of its local employees.

The Ministry's Internal Control Unit now has two full-time Ministry employees, including the Department head, Mr. Gia Kobakhidze. At the end of the reporting period, five project staff members (Irakli Inashvili, Giorgi Misheladze, Levan Khundadze, Vasili Chigladze, and Irakli Donjashvili) were working with the Department on various projects. When RAPA project staff work with the Internal Control Unit they are assigned to a task by an Order of the Ministry of Agriculture and Food, are accompanied by line employees of the MAF, and are considered to be MAF representatives.

Table 4. Travel by the MAF Internal Control Unit, October-December 2002

Date trip began	Date trip ended	Project staff	Places visited	purpose
October 10, 2002	October 20, 2002	I. Donjashvili, L. Khundadze, V. Chigladze, I. Inashvili	Kutaisi	Investigate conflict between Veterinary Department and Food Products Monitoring and Analysis Service on local markets
October 29, 2002	November 7, 2002	V. Chigladze, Inashvili, Khundadze, Donjashvili	Dedoplistskaro, Signagi, Gurjaani, Akhmeta, Telavi, Kvareli, Khashuri, Kareli, Gori, Gardabani, Marneuli, Bolnisi, Dmanisi, Dusheti	Investigate claims of massive looting of irrigation facilities
November 19, 2003	December 3, 2003	V. Chigladze, Inashvili, Khundadze, Donjashvili	Poti, Sadakhlo, Vale, Armenian border, Azerbaijani border, Vakhtangisi	investigate complaints about fees charged by Phytosanitary Department of Plant Protection Service

During the quarter, the ICU carried out three major investigations (Table 4). The most extensive investigation concerned theft of irrigation pipe (Annex 10). The local Irrigation Department head had repeatedly complained about these thefts to all possible authorities with no results. In Kutaisi, a long-simmering conflict over who had the right to inspect food products to be sold on local markets had led almost to physical violence between the Veterinary Department, which asserts based on the Veterinary Law the right to inspect all kinds of food products, and the Food Products Monitoring and Expertise Service which, in Tbilisi is essentially only a laboratory (Annex 11). Finally, an importer had complained about the fees for services charged by the Phytosanitary Department of the Plant Protection Service. It should be noted that two of the three issues developed out of situations where subordinate units of the MAF were accused of abusing their powers of inspection and regulation, a further reason why it is important to complete the task of Inspection unification and rationalization.

Other activities

Ministry computer network and computer training

In December 2002, the RAPA project computer systems manager and web designer conducted basic computer training for MAF staff from the Organizational Department, the Financial Department, the International Department, the Ministry Apparatus, and MAF senior management. Each group was given a review of the basic use of computer equipment and procedures for keeping it in good order as far as possible in the Georgian environment. The sessions also covered work in the network and some more advanced topics. Further training sessions depending on users' interests and needs are planned for the new year.

Information and Outreach

During the reporting period the project continued to support preparation by the MAF of a daily Georgian-language survey of press coverage of agriculture-related issues. This bulletin is distributed by the MAF to its own staff. The unedited English translation prepared by the RAPA project is intended both to help monitor one important source of information available to the Minister and the MAF staff and to serve as a useful source of information in its own right.

Project outreach coordinator Giga Kurdovanidze continues to work closely with the MAF press office in preparing materials on agriculture for President Shevardnadze's weekly radio interviews, regular press conferences by Ministry senior management, and other actions aimed at developing a dialogue about agricultural policy and informing the interested public about the Ministry's activities. He also helped prepare the press release and associated press conference responding to the newspaper report of Ministry complicity in the Shaw kidnapping.

OUTSTANDING ISSUES

Cooperation with FSP

Although the project continues to work closely with the Food Security Program, the accumulated tension over the Shaw kidnapping, which led the EC to withhold funds for most of the quarter, and the arrival of the holiday season mean that there is much work to be done to prepare reasonable funding proposals for the MAF for 2003. The FSP appears to be pleased that the presence of the RAPA will allow it to better monitor and coordinate funding, and it seems likely that the amount of Food Security funds going to the MAF as opposed to funding other programs in Georgia may increase. However, much remains to do to ensure that that money is well utilized in 2003.

Inspection unification

The most pressing issue outstanding appears to be further work on inspection unification. This has turned out to be even more difficult than anticipated, in part because of remaining uncertainties about just how such a unified inspection should be structured and related questions about standards and certification.

Legal Entities of Public Law

As noted above, continued creation by the MAF of "Legal Entities of Public Law" completely contradicts the strategy of the RAPA project to centralize and strengthen lines of authority and control while downsizing the entire structure. Should the MAF continue to create these organizations, the rationale for the project should seriously be reconsidered. It

makes no sense to support reorganization if and as the recipient agency continues to willfully fragment itself.

PLANNED ACTIVITIES FOR NEXT PERIOD

The three most important issues for the next period of the RAPA project's activity flow directly from work left undone at the end of the reporting period. The issue of standards and certification needs further attention. Adoption of Codex Alimentarius in Georgia will require that the texts be made available more completely and rapidly. The issue of voluntary standards remains to be grappled with. A related urgent issue is the matter of inspection unification, which is being delayed by the uncertainty over standards and certification. Finally, the uncertainties of the FSP funding are causing difficulties for the budgeting work and Ministry operations which cannot but impact the project's activities.

ANNEX 1. PROJECT STAFF AS OF DECEMBER 31, 2002

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ANNEX 2. BENCHMARK STATUS AS OF DECEMBER 31, 2002

Restructuring Plan	restruqturizaciis gegma	
New Mission statement formally adopted	misiis oficialurad miRebuli axali ganacxadi	outstanding
coordinate plan of reorganization with MAF	reorganizaciis gegmis SeTanxmeba saministrosTan	continuing
develop, agree plan of work of internal audit in units to be restructured	im struqturuli erTeulebis Sida auditis gegmis SemuSaveba da SeTanxmeba, romelTa restruqturizaciaca dagegmili	done
coordinate plan with EC FSP	gegmis SeTanxmeba evrokomisiis sasursaTo usafrTxoebis programTan	continuing
sign MoU	urTierTgagebis memorandumis xelmowera	outstanding
present plan to donors	gegmis wardgena donorebisaTvis	outstanding
inform Anti-Corruption Commission	gegmis gacnoba antikorufciuli komisiisaTvis	continuing
Legal changes	iuridiuli cvlilebebi	
Precise legal definition of legal status of all MAF units and legal history of concept of "Legal Entity of Public Law"	saministros yvela erTeulis iuridiuli statusis zusti iuridiuli gansazRvra da „sajaro samarTlis iuridiuli piris" koncepciis samarTlebrivi safuZvlebi	done
inventory legislation to be changed	Sesacvleli kanonmdblobis nusxis Sedgena	done
draft amendments to and new laws and regulations as needed	axali normatiuli da kanonqvemdebare aqtebis Secvlis proeqti	continuing
Ministry adopts orders to implement restructuring	saministro gamoscems brZanebebs restruqturizaciis gansaxorcieblad	continuing
"Living wage"	xelfasebTan dakavSirebuli problemebi	
prepare issue paper, recommend course(s) of action	mdgomareobis Sefaseba da RonisZiebebis dasaxva	done
discuss issue with donors, Ministry of Finance	donorebTan da finansTa saministrosTan gansaxilveli sakiTxebi	continuing
Organizational simplification	organizaciuli gamartiveba	
inspection unification	inspeqciebis gaerTianeba	
veterinary services privatized	veterinaruli momsaxurebis privatizacia	in progress
AID and MAF agree organization chart and statute for unified inspections	USAID da smss Tanxmdebian inspeqciebis gaerTianebis struqturisa da debulebis Taobaze	in progress
AID and MAF agree job descriptions, staffing for unified inspections	USAID da smss Tanxmdebian samuSao aRwerilobis, gaerTianebuli inspeqciebis axali Semadgenlobis Sesaxeb	outstanding
Institutional strengthening	institucionaluri srulyofa	
Task 7.1 Ministry work plan	amocana 7.1. saministros samuSao gegma	
Institute monthly departmental reports	departamentebis yovelTviuri angariSebis sistemis danergva	done
Track fulfillment of departmental work	departamentebis muSaobaze zedamxedveloba	continuing
Task 7.2 Ministry collegium	amocana 7.2. saministros kolegia	
improve planning and procedures to better coordinate with overall MAF work plan and budget	samuSao gegmisa da biujetis koordinaciis gaumjobesebis mizniT rekomendaciebis uzrunvelyofa	done
Task 7.3 Personnel selection and review commission	amocana 7.3. kadrebis SerCevisa da gadasinjvis komisia	
USAID and MAF agree attestation commission statute	USAID da smss Tanxmdebian atestaciis komisiis debulebis Taobaze	done
Task 7.4 Personnel division	amocana 7.4. kadrebis ganyofileba	
Update and computerize MAF phone book	saministros satelefono cnobaris ganaxleba, kompiuterizeba	done
AID and MAF agree new organization and statute for personnel division	USAID da smss Tanxmdebian kadrebis ganyofileba axali struqturisa da debulebis Sesaxeb	outstanding
Audit all personnel records	TanamSromlebis piradi saqmeebis Semowmeba	continuing

Task 7.5 Central Apparatus Management Information System (MIS)	amocana 7.5. centraluri aparatis marTvis informaciuli sistema (MIS)	
Design indicators, procedures and customize software	maCveneblebisa da procedurebis dadgena, kompiuteruli programebis aTviseba	continuing
Initial presentation to MAF management	saministros xelmZRvanelobisaTvis sawyisi prezentaciis mowyoba	done
Task 7.7 Document flow	amocana 7.7. dokumentebis brunva	
Develop recommendations on document flow	rekomendaciebis warmodgena dokumentbrunvis Sesaxeb	done
Training	treiningi	
Computer use (word processing, spreadsheets) for MAF staff	saministros TanamSromlebis swavleba kompiuterSi (Word processing, spreadsheets)	continuing
Accounting, MIS software for MAF accountants	buRalteria, informaciuli marTvis sistemis kompiuteruli programebi TanamSromlebisTvis	continuing
Accounting, MIS for MAF management	buRalteria, informaciuli marTvis sistemis kompiuteruli programebi saministros xelmZrvanelobisaTvis	continuing
Agricultural Research and Extension Service	sasoflo-sameurneo kvlevisa da eqstenciis samsaxuri	
Information technology	sainformacio teqnologiebi	
web page	veb-gverdi	
design initial web page	pirveli veb-gverdis Seqmna	done
organize Ministry domain	saministros mTavari serveris mowyoba	done
standardize fonts, archive MAF data	fontebis standartizeba, saministros monacemTa arqivireba	in progress
establish MAF support, help system	saministros programebiT mosargebleni	continuing

This table shows only benchmarks active during the quarter. Ones previously accomplished or not yet due to begin are omitted.

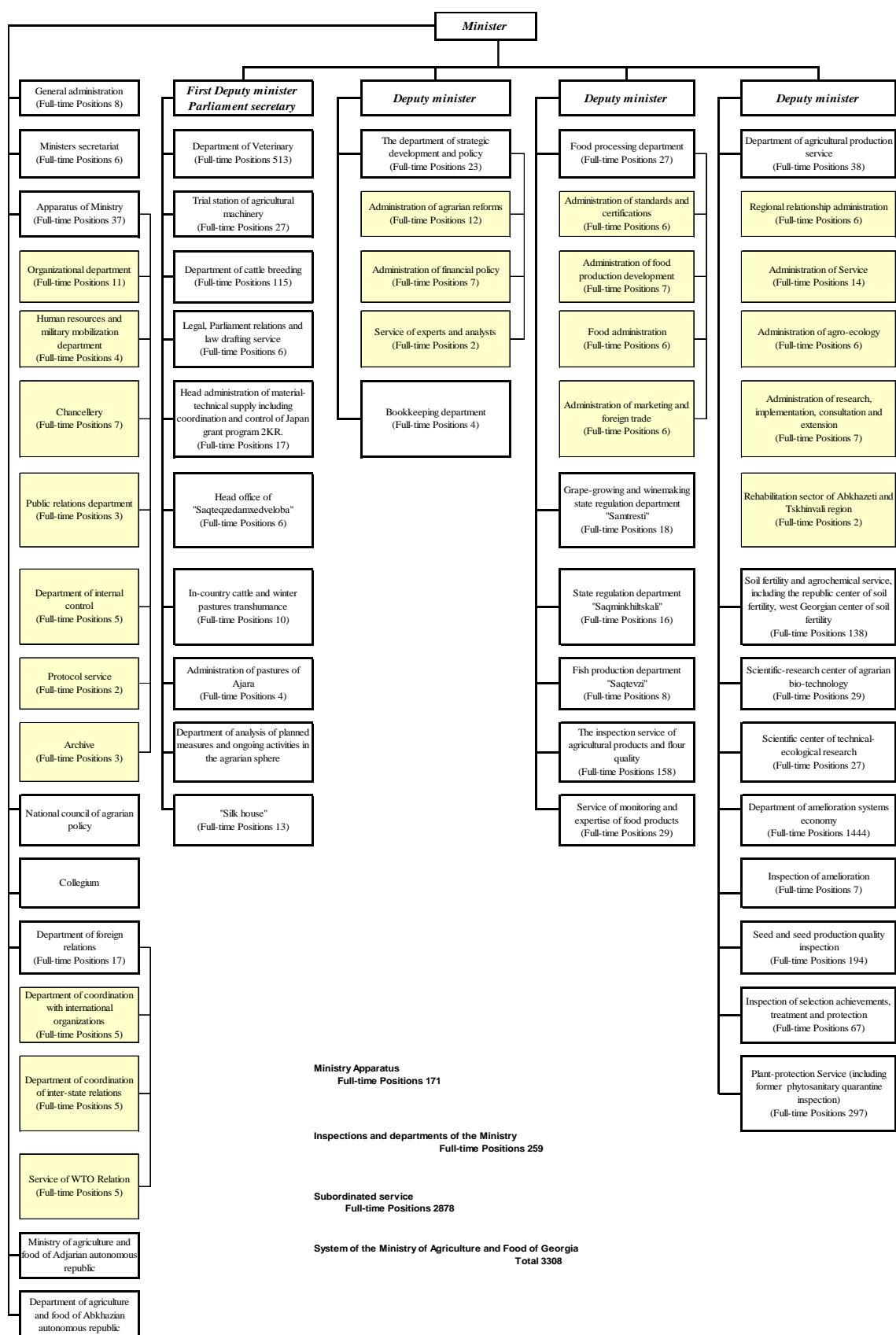
Done – task is completed

Continuing – task in progress, no completion date was specified or possible

In progress – task is being accomplished as of the end of the reporting period

Outstanding – task scheduled during this period but has not yet begun

ANNEX 3. MAF ORGANIZATION CHART AS OF DECEMBER 31, 2002



Source: Compiled by Otar Chigladze from "balances" of MAF units.

**ANNEX 4. NOTIFICATIONS TO WTO BY GEORGIA ON AGRICULTURAL-RELATED
MATTERS AS OF NOVEMBER 22, 2002**

Table A4.1. Notifications to Committee on Sanitary and Phytosanitary Measures

Document #	Date	Description of Notification
G/SPS/N/GEO/1	April 27, 1999	Law of Georgia on Agricultural Quarantine
G/SPS/N/GEO/2	April 26, 1999	Import and re-export of livestock, meat and meat products from some countries
G/SPS/N/GEO/3	April 27, 1999	Urgent measures for struggling against epizootic diseases in country
G/SPS/N/GEO/4	April 26, 1999	Order on Measures of Increase of State Supervision over Wheat and Flour Quality
G/SPS/N/GEO/5	April 28, 1999	Draft Amendments to the Law of Georgia on Agricultural Quarantine
G/SPS/N/GEO/6	May 7, 1999	Draft law on permission for the distribution of Agricultural Crop Varieties, Seed and Planting Materials
G/SPS/N/GEO/7	May 7, 1999	Import and re-export of livestock, meat and meat product from some countries
G/SPS/N/GEO/8	June 22, 1999	On prohibition of import and placement in the territory of Georgia of poultry meat (chicken), minced meat, eggs and egg powder of Belgian production
G/SPS/N/GEO/9	June 22, 1999	Law of Georgia on amendments to the Law of Georgia on "Plant Protection from Harmful Organisms"
G/SPS/N/GEO/10	July 2, 1999	About the additional measures for prohibition of import and realization on the territory of Georgia of food products of animal origin (beef, bacon, hare, fish and the product prepared on them), of animal food of Belgian production
G/SPS/N/GEO/11	November 30, 1999	On import and transit of livestock (poultry), meat and meat products, other livestock products, raw materials of livestock origin
G/SPS/N/GEO/12	August 25, 2000	On import and transit of livestock (poultry), meat and meat products, other livestock products, raw materials of livestock origin
G/SPS/N/GEO/13	May 15, 2001	On the introduction of restrictions on import of livestock products in European countries in respect with spreading of Spongiform Encephalopathy
G/SPS/N/GEO/14	May 15, 2001	On import and transit of livestock (poultry), meat and meat products, other livestock products, raw materials of livestock origin
G/SPS/N/GEO/15	May 15, 2001	On prohibition of import and transit of live cattle, livestock products and animal origin materials in European countries in respect with Spongiform Encephalopathy and Turkish Epizootic
G/SPS/N/GEO/16	May 15, 2001	On prohibition of import and transit of live

		cattle, livestock products and animal origin materials in respect with Spongiform Encephalopathy and Turkish Epizootic
G/SPS/N/GEO/17	October 11, 2001	On restriction of import and transit of livestock, meat and meat products, other livestock products, raw materials of livestock origin from Japan

Source: WTO

Table A4.2. Notifications to Committee on Technical Barriers to Trade

Document #	Date	Description of Notification
G/TBT/W/109	May 11, 1999	To draw the attention of the Committee to notification G/SPS/N/GEO/6 (made under the Agreement on Sanitary and Phytosanitary Measures), concerning "sowing and planting materials of crop varieties", as it is also relevant for the Agreement on Technical Barriers to Trade

Source: WTO

ANNEX 5. REVISED MAF DRAFT LAW OF GEORGIA “ON THE PROCEDURE FOR ISSUING LICENSES AND PERMITS FOR THE PRODUCTION OF FOOD PRODUCTS AND TOBACCO”

Chapter I. Common terms

Article 1. The sphere of competence of this law

This law regulates licensing and issuance of permits for the production of food (including baby food) and tobacco products, specifies the types of products subject to licensing and issuance of permits and sets the conditions for issuing licenses and permits.

Chapter II. Licenses

Article 2. Production to be licensed

Types of production to be licensed:

- a) Production of alcoholic beverages and ethyl alcohol;
- b) Production of beer, alcohol-free drinks and water, including aerated water;
- c) Production of all kinds of [food] products, including baby products and production of tobacco.

Article 3. Terms of Licensing

The licenses are issued according to the requirements, set up by the chapter III of the law "Concerning Enterprise Activity licensing and bases of permission issues".

Article 4. Termination and renewal of license.

The licenses are abrogated and renewed pursuant to the chapter IV of the law "Concerning Enterprise Activity licensing and bases of permission issues".

Article 5. Performance of licensed activity

The performance of licensed activity is conducted by the owner on the basis of the permission of the enterprise. The present law and the law "Concerning on Enterprise Activity licensing and bases of permission issues" set up the rule for issuance of the permission.

Article 6. The form of license.

The form of license certificate is adopted by the order of the Minister of Agriculture and Food.

Chapter III Permits

Article 7. Enterprises for which permits are required

Enterprises, for which permits are required:

I) Enterprises that produce alcoholic drinks and ethyl alcohol:

- 1. Grape processing;
- 2. Dry wine processing or bottling;
- 3. Table semidry, semi-sweet, sweet wine processing or bottling;

4. Natural semidry, semisweet and sweet wine processing or bottling;
5. Sparkling wine processing;
6. Aerated wine processing;
7. Strengthened and aromatized wine processing or bottling;
8. Brandy spirit distilling;
9. Brandy processing or bottling;
10. Raw Spirit processing;
11. Rectified spirit processing;
12. Vodka processing or bottling;
13. Liquor and other strong beverages processing or bottling;
14. Berry wine processing or bottling;
15. Vinegar processing or bottling.

II) Enterprise where beer, alcohol-free drinks and water is produced:

1. Beer;
2. Alcohol free beverages;
3. Aerated water;
4. Kvass;
5. Carbon production for aerated waters;

III) Enterprise, where other food products and tobacco is produced:

- 1) Tea processing enterprise;
- 2) Coffee processing enterprise;
- 3) Production of flour and noodles;
- 4) Macaroni, bread and bread products enterprise;
- 5) Production of sugar;
- 6) Production of honey;
- 7) Production of confectionary;
- 8) Fruit processing enterprise;
- 9) Vegetable processing enterprise;
- 10) Meat processing enterprise;
- 11) Dairy (Milk) processing enterprise;
- 12) Production of vegetable oils;
- 13) Fats processing enterprise;
- 14) Fish and marine other products processing enterprise;
- 15) Production of taste products;
- 16) Production of feed additives enterprise;
- 17) Tobacco processing enterprise;
- 18) Production of children's nutrition;

Article 8. Terms for issuance of permits

1. The person who needs permit must present to the permit issuer the license, obtained according to the requirements of this law and the law "Concerning on Enterprise Activity licensing and bases of permission issues".
2. The information envisaged by the 22nd Article of Law of Georgia on "Concerning on Enterprise Activity licensing and bases of permission issues" must include the following as an attachment:
 - a. Information about place of residence of enterprise;
 - b. Data about level of qualification of specialists within licensed production (only for persons responsible for technological processes)

- c. Information about existing of the material-technical basis of the production;
- d. The technological instruction approved by the entrepreneur;
- e. Information about internal entrepreneurial monitoring system of quality of products;
- f. The document about the accordance of the enterprise with the sanitary-hygienic rules and requirements, issued by the state sanitary-hygienic inspection;
- g. Information about metrological provision of information measuring means;
- h. The document verifying payment of permission fees.

3. In the case of any change in the data, envisaged by the second item of this article, the permission owner must give the written notice to the permission issuer and submit the corresponding documents within seven days, the changes took place.

Article 9. Procedure for the issue of the permit

Article 23rd of the law "Concerning Enterprise Activity licensing and bases of permission issues" is used for the issuance of the permissions.

Article 10. Period of permission validity

A permit is valid for not less than one year.

Article 11. The form of permission certificate

The form of permission certificate is adopted by the Order of the Minister of Agriculture and Food of Georgia.

Article 12. The regulation to inspect the permission conditions

1. The issuer of permission has the authority to inspect on-site the permission conditions through the presence of the person who needs permission, providing the relevant written conclusion.
2. If the conditions, which are inspected on-site, do not correspond with the requirements, set up by law, it can be the ground to reject issuing permission.

Chapter IV. Transitional and concluding provisions

Article 11. Entry of the law in force

1. This law goes into force as of January 1, 2003.
2. Six months after the date this law is put into force, the activities covered by this law, which continue to be carried out without licenses, and permissions become illegal.

*Translated by Giorgi Managadze
December 30, 2002*

ANNEX 6. DRAFT LAWS AMENDING LAWS ON USER FEES

Date: October 2, 2002

To: Ms. Tsatsanashvili, the Parliamentary Secretary of President of Georgia
Letter number 5-1/233

Dear Mariam,

We hereby present the following Draft Laws: “Draft Law On Making Addenda to the Law of Georgia *On Basics of Fee System*”, “Draft Law On Making Amendments to the Law of Georgia *On Veterinary Medicine*”, “Draft Law On Making Amendments to the Law of Georgia *On Agricultural Quarantine*”, “Draft Law *On Fees for Quarantine Service*”.

These Draft Laws have been agreed with the relevant Ministries and Agencies.

We kindly ask you to take all essentials procedures determined by Law.

Please find Annex: 22 pages

Respectfully,

Giorgi Tkeshelashvili
Deputy Minister

**LAW OF GEORGIA
ON MAKING AMENDMENTS TO THE LAW OF GEORGIA “ON
VETERINARY MEDICINE”**

The Parliament of Georgia determines:

ARTICLE 1

“To make the following amendments to the Law of Georgia “On Veterinary Medicine” (“Saqartvelos Parlamentis Utskebebi”, number 27-30, 1995):

1. To formulate the 35th Article as follows:

“Article 35.

Financing and Material and Technical Supply of Organizations and Establishments of the State Veterinary Medicine

1. The funding sources of veterinary medicine bodies are non-budgetary revenues as well as other sources determined by the Law of Georgia “On Legal Entity of Public Law”
2. All kinds of financial resources and revenues received in form of fees, stipulated by the 1st Clause of this Article, according to rules and regulations determined by the legislative normative acts and the normative acts of President of Georgia, are to be entirely spent to achieve objectives and to accomplish activities envisaged by the Statute of the Veterinary Department.”

2. To make the following amendments to the 37th Article:

“Article 37.

Financing of other veterinary measures

Fees should be paid for the following chargeable veterinary measures: laboratory testing and expertise, quarantine service at frontier posts (customs), issuance of veterinary certificate, provision of veterinary-sanitary expertise of animals, animal stuff and raw materials, plant and all other products within trading units, as well as for general accomplishment of other veterinary measures. The fee amount and related regulations are determined by legislation.”

ARTICLE 2

This Law enters into force after its promulgation.

E. Shevardnadze

(No date indicated)

Draft Law

**LAW OF GEORGIA
ON MAKING ADDENDA TO THE LAW OF GEORGIA “ON THE BASIS OF
FEE SYSTEM”**

ARTICLE 1

“To add sub-clause “p” to the 1st Clause of Article 5 of the Law of Georgia “On Basics of Fee System” (“Saqartvelos Parlamentis Utskebani”, number 8-9; 1998) as follows:

p. Quarantine Service Fee

ARTICLE 2

This Law enters into force after its promulgation.

E. Shevardnadze
(No date indicated)

Draft Law

LAW OF GEORGIA ON FEES FOR QUARANTINE SERVICE

ARTICLE 1. General Provisions

This Law regulates rate and structure of fees for quarantine service determined by Law of Georgia “On Agricultural Quarantine”.

ARTICLE 2. Definition of terms

Inspection – examination of goods and cargos under quarantine control and provision of inspection according external characteristics.

Degassing – quarantine measure, in duration of which the goods under quarantine are neutralized from poisoning materials.

Fumigation – quarantine measure, in duration of which the goods under quarantine control are neutralized from harmful pests through spraying toxic fumes and gas.

ARTICLE 3. Essence of fees for quarantine service

The *fee for quarantine service* is the compulsory financial contribution to the state budget, ensured by physical and legal entities for mandatory quarantine measures carried out by state.

ARTICLE 4. Persons who are obliged to pay fees for quarantine service

Persons who are obliged to pay fees for quarantine service are physical and legal entities that produce, transport, store, proceed and sale the plant and animal production and other stuff under quarantine control.

ARTICLE 5. Types of fees for quarantine service

The types of fees for quarantine service are as following:

- a. Fee for phytosanitary-quarantine service;
- b. Fee for veterinary-quarantine service.

ARTICLE 6. Rates of fees for quarantine service are determined as following:

a. For phytosanitary-quarantine service:

1	Inspection of fruit trees, vine, decorative and other plants, planting and grafting materials, bulbs of horticultural crops, natural (cut) flowers, seeds packed in little packages	Per one unit under 1000	0.01
		Per each 1000 units above 1000	1.0
2	Inspection of mushrooms and mushroom mycelium	1 tons	50.0
3	Inspection of fresh and dried leaves, branches, other parts of plant (except flowers and buds), grass, moss, lichen, etc., vegetables, fodder root-crop, tubers, fresh and dried fruits, melons, citrus, exotic fruits, nuts, coffee, tea, Paraguayan tea, spices.	1 tons	1.0
4	Inspection of seed of vegetables, as well as industrial crops, grass, horticultural crops, and seeds	1 tons	12
5	Inspection of seed grain, cereals, maize, and beans	Per ton under 100 tons	1.5
		Per ton above 100 tons	0.15
6	Inspection of seeds within storage and processing places	1 ton	0.1
7	Inspection of flour, cereals, starch, bread products (macaroni, noodles, tapioca, etc.), as well as inspection of grain and malt	1 tons	0.1
		Per ton under 100 tons	0.7
		Per ton above 100 tons	0.07
8	Inspection of seed and fruits of oil-bearing cultures, other seeds, fruits and grain used for technical purposes; inspection of plants and its parts, utilized in perfumery, pharmaceutical, insecticide, fungicidal or identical purposes, as well as inspection of hay, stubble or forage, both fresh and dried, whole or milled.	Per ton above 100 tons	0.12
9	Inspection of plant materials for interlacement and pressing, which will be utilized to make brooms and brushes	1 ton	0.8
10	Inspection of natural gum and pitch	1 ton	1.5
11	Inspection of sugar and sugar raw materials	Per one ton under 100 tons	1.0
		Per ton above 100 tons	0.1

12	Inspection of cacao and cacao products, food secondary output, wastes, ready forage, combined food	1 ton	1.0
13	Inspection of tobacco raw materials and wastes	1 ton	0.6
14	Inspection of plant and animal fertilizers as well as inspection of peat including its power granules	1 ton	0.3
15	Inspection of raw leather and wool	1 ton	0.5
16	Inspection of bags and parcels of passengers, as well as wrappers and postal packages which contain the material under quarantine control	1 post	0.5
17	Inspection of forest materials and wood	1 cubic meter	0.5
18	Inspection of different components of wood, range, parquet, etc.	1 cubic meter	1.0
19	Inspection of hollows and boughs	1 tons	0.6
20	Inspection of natural root-cuts of Christmas Trees and conifers	1	0.1
21	Survey of forest materials premises, bases, trade units, storages (for production-storage and sale of forest products)	1 premise	5.0
22	Inspection of bamboo, natural cork and its production	1 cubic meter	1.5
23	Inspection of seeds of forest species and bushes:		
23.1	Inspection of small-grained crops	Per ton under 1 ton	10.0
		Per ton above 1 ton	1.0
23.2	Inspection of coarse-grained crops	Under 1 ton	5.0
		Per ton above 1 ton	1.0
24	Inspection of cones	1 ton	3.0
25	Inspection of writing and other type of paper, as well as inspection of cardboard	1 ton	1.0
26	Inspection of silk, silk cocoon and wastes	1 ton	5.0
27	Inspection of cotton fiber (including wastes) and other plant fiber essential for knitting	1 ton	0.2
28	Inspection of goods which can be carrier of hazardous pests, plant diseases and weeds	1 ton	0.5
29	Inspection of zoology and botanic collection	1 lot	4.0
30	Inspection of live insects, bacteria, fungus, live crops, live ticks, nematodes	1 lot	5.0
31	Inspection of soil (any type)	1 ton	10.0
32	Inspection of tare and package material (both empty and containing cargo which is not the subject of quarantine):		
32.1	Wood boxes	1	0.03
32.2	Cardboard boxes	1	0.02
32.3	Bags	1	0.01

32.4	Rooting for trees	1	0.1
32.5	Drums	1	0.1
32.6	Package material	1 ton	1.0
33	Visual inspection of production under quarantine control delivered to frontier posts (airports, railway, etc.) as well as inspection of transportation means		
33.1	Air transport	1	10.0
33.2	Railway wagon	1	13.0
33.3	Container	1	8.0
33.4	Freight transportation	1	8.0
33.5	Car and mini-bus	1	4.0
33.6	Bus	1	5.0
34	Visual inspection of all types of transportation means (domestic and foreign, empty and loaded with cargo which is not subject to quarantine control), as well as control on quarantine organisms complex		
34.1	Ships under 6000 tons above 6000 tons	1 hold 1 hold	2.0 3.0
34.2	Air-plane	1	7.0
34.3	Railway wagon	1	3.0
34.4	Container	1	6.0
34.5	Freight transportation	1	6.0
34.6	Bus	1	4.0
34.7	Mini-bus, car	1	2.0
35	Inspection of cargos under quarantine control at ports, which had been imported by sea transport as well as cargos that should have been exported		
35.1	Ships with weight under 6000 tons	1 hold	60.0
35.2	Ships with weight above 6000 tons	1 hold	90.0
36	Provision of phytosanitary measures for each consignment of transit cargos under quarantine control according to the quantity of transportation means (container, railway wagon, motor transport)	Consignment including 1-4 transportation units Consignment including 5 and more transportation units	GEL 10 per transportation unit GEL 50 per consignment
37	Provision of phytosanitary controlling measures upon transit and transportation means		
37.1	Railway wagon	1	3.0
37.2	Freight transportation	1	6.0
37.3	Container	1	6.0
37.4	Car and mini-bus	1	2.0
37.5	Bus	1	3.0

38	Phytosanitary inspection of cargo and production storages which are under quarantine control according related regulations	1 storage	5.0
39	Issuance of phytosanitary documentation		
39.1	Issuance of phytosanitary certificate	1 certificate	5.0
39.2	Issuance of certificate for production under quarantine control to provide their transportation within the country	1 certificate	5.0
39.3	Issuance of certificate for sale of stuff produced on-site	1 certificate	3.0
39.4	Issuance of act of control of phytosanitary control for materials under quarantine control as well as for transportation means	1 act	5.0
40	Quarantine decontamination of goods in ship holds with bromine ethyl		
40.1	Cereals and related output	1 ton	2.7
40.2	Oil-bearing cultures, nut, hazelnut, cacao, coffee, tinned fruits, etc	1 ton	3.50
40.3	Cotton fiber (hydraulic pressing)	1 ton	3.50
40.4	Cotton fiber (low pressing)	1 ton	4.2
40.5	Fibrous crops, tobacco, raw leather	1 ton	4.5
40.6	Wood	1 cubic meter	2.0
40.7	Empty holds	1 cubic meter	0.9
40.8	Empty technological storages	1 cubic meter	1.5
41	Decontamination of holds with phosphine		
41.1	Cereals	1 ton	3.0
41.2	Empty holds	1 cubic meter	1.2
41.3	Technological storages	1 cubic meter	1.9
42	Decontamination within containers		
42.1	Cereals	1 ton	5.0
42.2	Oil-bearing cultures, nut, hazel-nut, cacao, coffee, tinned fruits, etc.	1 ton	7.5
42.3	Cotton fiber (hydraulic pressing)	1 ton	5.0
42.4	Fibrous crops, tobacco, industrial crops, raw material for medicines, raw leather, etc.	1 ton	7.5
42.5	Fresh fruits and vegetables	1 ton	7.5
42.6	Hypersensitive crops (stone-fruits, etc)	1 ton	8.5
42.7	Collection material (books, furniture, fur, painting material, other exhibits)	1 cubic meter	7.5
42.8	Sapling	1000	8.0
42.9	Seedling	1000	1.6
42.10	Sacks	1000	8.0
42.11	Boxes	1000	80.0
42.12	Seeds	1 ton	6.0
42.13	Wood and wood production	1 cubic meter	4.5
43	Decontamination of cereals transported by railway wagons and tracks	1 cubic meter	3.0

44	Decontamination with bromine ethyl under tent, within fumigation camera and storages specially arranged for this purpose		
44.1	Cereals	1 ton	6.0
44.2	Oil-bearing cultures, nut, cacao, coffee, tinned fruits, etc.	1 ton	9.0
44.3	Cotton fiber (hydraulic pressing)	1 ton	6.0
44.4	Cotton fiber (low pressing)	1 ton	6.5
44.5	Fibrous crops, tobacco, raw leather, industrial crops, raw material for medicines	1 ton	9.00
44.6	Fresh fruits, vegetables	1 ton	9.0
44.7	Hypersensitive crops (stone fruits, banana, onion, tomato, etc)	1 ton	10.0
44.8	Seeds	1 ton	10.0
44.9	Sapling	1000	9.0
44.10	Seedling	1000	1.6
44.11	Contaminated sacks (tare)	1000	10.0
44.12	Contaminated boxes (tare)	1000	9.0
44.13	Collection material (books, furniture, fur, painting material, other exhibits)	1 cubic meter	7.5
44.14	Wood and wood products	1 cubic meter	5.0
45	Decontamination of storages		
45.1	Treatment with spraying	1 cubic meter	0.9
45.2	Wet treatment	1 cubic meter	0.9
46	Fumigation within mobile and small dimension camera	1 fumigation	60
47	Fumigation of empty storages (with bromine ethyl)	1 cubic meter	1.20
48	Fumigation of special premises (also, fumigation of religious and special type of production)	1 cubic meter	5.0
49	Fumigation of soil	1 cubic meter	2.50
50	Degassing	1 ton	0.25

b. For veterinary-quarantine service:

1. When the goods are either exported or imported:

1.1 Provision of the overall state veterinary-sanitary supervision at zones under custom control and/or places of custom clearance:

1.1 Cargos under veterinary control (except animals) – 1 lot, 16.6

<ul style="list-style-type: none"> • Inspection of attached documentation and cargos • Veterinary-sanitary inspection of transportation means • Issuance of veterinary documentation 	1 transportation unit, 1 lot	21.7
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1.2 Inspection of animals (poultry, fishes, bees, etc.)

- Inspection of attached documents as well as clinical inspection of animals
- Veterinary-sanitary inspection of transportation means by which animals are delivered
- Issuance of veterinary documentation for each animal, except the animals listed below
- Issuance of veterinary documentation for bees, decorative animals, as well as terrarium and aquarium animals
- Issuance of veterinary documentation for poultry and fishes
- Issuance of veterinary documentation for pedigree animals, also, circus animal and animals of Zoo

1.3 Provision of the overall state veterinary-sanitary supervision for production and raw materials under veterinary control delivered in bags and carriages of passengers at zones under custom control – 1.3 per 10 kilograms of products

2. When the goods are transited:

Provision of the overall state veterinary-sanitary supervision for each consignment of transportation cargos according the transportation means:

Veterinary-sanitary inspection of transportation means	1-5 transportation units	10.0
	5 and above	50.0
	1 car	5.8
	1 container	6.0
	1 track	3.0

Inspection of animals (poultry, bees, fishes, etc)

Inspection of attached documentation and clinical inspection of animals	1 head Unit	2.4 6.0
Veterinary-Sanitary inspection of transportation means	1 consignment	1.3

Provision of state veterinary-sanitary supervision for production and raw materials under veterinary control delivered in bags and carriages of passengers at zones under custom control – per 10 kilograms 1.3

3. Measures to be undertaken while import, export and transit

3.1 Provision of state veterinary-sanitary supervision for all types of transportation means and agricultural products / raw material at zones under custom control in order to avoid extremely dangerous and other contagious diseases common to man and animal – 1 unit, 1 lot – 10.0

- Transportation means
- Cargo

Determination of radiation boundary level of goods and transpiration means under veterinary control delivered from dangerous territory in terms of radiation; determination should have been provided at zones under custom control

- Transportation mean, 1 unit, 4.8
- Cargo, 1 consignment

The samples of cargo under veterinary control should have been submitted to labs in order to determine edibility and safety in veterinary terms – 1 sample

Provision of veterinary-sanitary inspection of cargos under veterinary control, which should be transported in holds. The Inspection should have been carried out on ships, in close coordination of frontier, custom and other services – 1 measure, 12.0

Provision of overall veterinary-sanitary supervision at frontiers:

- For food products of passengers and members of ship's company – 24.0 per 1 unit
- For food products envisaged for drivers of trucks – 1.3 per 10 kilograms

Veterinary-sanitary treatment of transport after it is emptied from cargo under veterinary control (o/w animals, poultry, fishes, bees, etc), which had been delivered from dangerous zones (this includes costs of disinfection and other essential materials) – 12.0 per 1 transportation unit

To take the dead flesh (animals, poultry, bees, etc) out of transport, to section them and to send pathological material to labs, to utilize dead flesh and to provide disinfection of transportation (this includes costs of disinfection and other essential materials) – 24.0 per 1 transportation unit and 1 dead flesh

To pass the transportation means through veterinary disinfection barriers and disinfection carpet equipped with spraying machine at frontiers (this includes costs of disinfection and other essential materials)

While prophylactic disinfection:

- Motor car- 3.6 per 1 unit
- Micro-bus – 4.8 per 1 unit
- Truck or bus – 9.6 per 1 unit
- Truck with trailer –12.0 per 1 unit

While compulsory disinfection:

- Motor car- 5.4 per 1 unit
- Micro-bus – 7.2 per 1 unit
- Truck or bus – 12.0 per 1 unit
- Truck with trailer –15.0 per 1 unit

Veterinary-sanitary treatment of railway wagons, after transportation or loading of animals, animal products and raw materials (this includes costs of disinfection and other essential materials)

I category – 18.0 per 1 wagon

II category - 24.0 per 1 wagon

III category - 37.0 per 1 wagon

ARTICLE 7.**THE REGULATIONS CONCERN WITHDRAWING OF FEES FOR QUARANTINE SERVICE**

The relevant organizations of the Ministry of Agriculture and Food of Georgia are assigned to withdraw fees for quarantine service according to regulation stipulated by legislation.

ARTICLE 8.

Put this Law into Force after the day of its promulgation.

Eduard Shevardnadze
President of Georgia

(no date indicated)

Draft

LAW OF GEORGIA
On
Making amendments to Law of Georgia “On Agricultural Quarantine”

The Parliament of Georgia determines the following:

ARTICLE 1.

To make the following amendments and addenda to the Law of Georgia “On Agricultural Quarantine” (Saqartvelos Parlamentis Utskebani, number 23-24, 1997):

To formulate the 4th Article as following:

“Article 4.

Fee for quarantine service

The fee for quarantine service is fixed and its rate and structure are determined according the Law of Georgia “On Fee for Quarantine Service”

ARTICLE 2.

This law goes into force on the day of its publication.

Eduard Shevardnadze
President of Georgia

(No date indicated)

EXPLANATORY NOTE

On

Draft Laws of Georgia “On Making Addenda to Law of Georgia on Basics of Fee System”, “On Making Amendment to the Law of Georgia On Veterinary Medicine”, “On Making Amendments to the Law of Georgia On Agricultural Quarantine”

Ensuring state budget revenues as well as financial sustainability of state institutions can serve as a ground to solve the problems of state importance.

Fees, as non-budgetary revenues, might become considerable integral part of state budget. We think that improvement of effecting legislation base related to fee determination and application will support enhancement of the operational efficiency of state institutions.

At present, tariffs for phytosanitary service by Veterinary Department and Plant Protection Service are applied at market rates. These tariffs had been set by regulations, which are not in accord with the effecting legislation. In order to improve the mentioned deficiencies, to provide the precise definition of tariff which should be paid for service provided by state, as well as to match these very acts with the terms of the 94th Article of Constitution of Georgia and the Law of Georgia “On basics of Fee System”, the Ministry of Agriculture and Food of Georgia has elaborated Draft Law “On Making Addenda to Law of Georgia on Basics of Fee System”. This Draft Law had determined the new type of fee – fee for quarantine service.

Simultaneously, the Ministry of Agriculture and Food of Georgia has elaborated the Draft Law “On fees for quarantine service” which determines the types, rate and structure of fee.

Until today, the said service had been regulated by the Order number 2-166, dated June 19, 1997 of the Minister of Agriculture and Food of Georgia “On Approval of tariffs for chargeable service provided by Phytosanitary Quarantine State Inspection of MAF and rules of their application”, as well as by the Order number 2-424 dated December 11, 1997 of the Minister of Agriculture and Food of Georgia “On Approval of Price list for chargeable veterinary service provided by the state veterinary service and of putting this price list into operation”. In order to implement the requirements of 94th Article of Constitution of Georgia and the Law of Georgia “On Basics of Fee System”, as well as to unify the types of service of both Phytosanitary Quarantine Inspection and Veterinary Department into a single system, the Draft Law “On Fees for Quarantine Service” had been elaborated.

The proposed Draft Law determined the rate and structure of fees for quarantine service.

Draft Law envisages two types of fees:

- a. Fee for phytosanitary-quarantine service;
- b. Fee for veterinary-quarantine service.

The said fees should be paid for necessary quarantine service provided by Phytosanitary Quarantine Inspection and Veterinary Department in order to achieve and protect welfare of whole country in veterinary and phytosanitary terms.

According to all these, it is necessary to make the relevant amendments to Laws regulating the spheres. For this purpose, the Draft Laws “On Making Amendment to the Law of Georgia On Veterinary Medicine” and “On Making Amendments to the Law of Georgia On Agricultural Quarantine” had been elaborated. After making addenda and amendments, the Law of Georgia “On Veterinary Medicine” as well as the Law of Georgia “On Agricultural Quarantine” will accord with the terms of Law of Georgia “On Basics of Fee System”.

The references presented by Anticorruption Bureau of Georgia, the notes of the Ministry of Finance, Ministry of Economy, Industry and Trade had been taken into consideration while drafting the addenda and amendments. It should be noted that enactment of these addenda and amendments will not entail any kind of financial expenditures, but, in contrary, will ensure mobilization of budgetary revenues and rational management of revenues.

THE MINISTRY OF FINANCE OF GEORGIA

Date: July 17, 2002

To: the Ministry of Agriculture and Food of Georgia

Letter number 05-199/297/4110

According to your letter number 5-1/1476, dated June 14, 2002, the Ministry of Finance of Georgia has discussed the Draft Laws of Georgia “On Making Addenda to Law of Georgia on Basics of Fee System”, “On Making Amendment to the Law of Georgia On Veterinary Medicine”, “On Making Amendments to the Law of Georgia On Agricultural Quarantine” as well as Draft Law on “Fees for Quarantine System”. We would like to present our comments concerning the Draft Law “On Making amendments to the Law of Georgia On Veterinary Medicine” as following:

1. The 1st sub-clause of the 1st clause of the 1st Article of the Draft should have been put in accordance with the 13th Article of Law of Georgia “On legal entity of public law”
2. The 2nd and 3rd sub-clauses of 1st Clause should have been unified and formulated as following:
“Article 2.

The sources and revenues received in the form of fees, as it has been stipulated by the first clause of this very Article, should have been entirely consumed to execute all tasks and activities determined by the Statute of Veterinary Department according to the relevant normative legislative acts and normative acts of President of Georgia”.

3. The 2nd Clause of 1st Article of Draft Law must include the list of Laws, which would regulate the process of fee payment for service provided by the Veterinary Department.

Levan Chrdileli (signed)
Deputy Minister

ANNEX 7. REPORT ON MEETING WITH GEPLAC TO PLAN WORK TO HARMONIZE STANDARDS WITH EUROPEAN UNION

To: Don Van Atta
 From: G. Dangadze
 Subject: Meeting in Georgian-European Policy and legal advice centre (GEPLAC) concerning harmonization of Georgian agricultural legislation according to the EC regulations.
 Date: 27.09.2002

Place of meeting: Office of GEPLAC – 42 Al. Kazbegi Ave. Tbilisi, 380077, Georgia

Date of meeting: September 26, 2002

Vakhtang Marsagishvili, economist of GEPLAC, conducted meeting.

Besides me, following persons attended the meeting:

David Bujiashvili – TACIS coordination center in the Ministry of Foreign affairs of Georgia;
 Otar Skhvitaridze – Plant protection service of MAF;
 Levan Chiteishvili – WTO administration of foreign affairs department of MAF;
 Mark W. Hudson – Team leader/ Senior Economic advisor of GEPLAC;

Following issues were discussed:

1. Have we capability to identify the gaps in the Georgian agricultural legislation and in EC regulations and directives?
 2. What structural reforms should be conducted in the MAF system in order to effectively enforce the Euro Union regulations in Georgian legislation?
 3. If normative acts are drafted, who will fund the preparation and enactment of these laws?
- Mark W. Hudson was interested in the role of USAID and the World Bank in this field.

I and other attendees were given the “National Program” for harmonization approved by the President of Georgia.

According to this paper experts in different fields shall participate in this program, they shall make the economic consultations and define the priority of tasks to be implemented, also collaboration actively with different governmental bodies.

According to paper the drafting of regulations and making of reports shall be finished before March 2003. Consultation period shall be defined from April 2003 till September 2003, during this period authors of reports, governmental commissions and governmental bodies will analyze and the completed work and define the time period in which this regulations shall be implemented.

Currently 13 working group exists in different field of Georgian economic activity, they include:

- 1) Agriculture;
- 2) Corporate law (Business law);
- 3) Competition;
- 4) Protection of consumers rights;
- 5) Customs;
- 6) Environmental protection;
- 7) Financial service;
- 8) Intellectual property;
- 9) Labor law;
- 10) State purchases;
- 11) Tax field;
- 12) Technical regulations and standards;
- 13) Transport;

Each of the group shall conduct the following tasks:

- 1) Determination of objectives for each field;
- 2) Determination of European Law, directives and regulations that should be envisaged while drafting the legislation of Georgia;
- 3) Analysis of said materials;
- 4) Analysis of other donors' activities;
- 5) Implementation of relevant economic survey;
- 6) Considering experience of the EU member countries;
- 7) Collection of relevant information and materials from partner organizations;
- 8) Collection of special information and material from the European experts;
- 9) Organization of open and closed workshops;
- 10) Elaboration of medium report for Center's discussion;
- 11) Elaboration of the final report.

It is recommended to set the following task for the national program: to observe the directions set in "White Book" about extensions (1995). According to which the countries that are supposed to become a member must envisage the European legislation as necessary to participate in the internal market of European Commission and the rest part of legislation - as essential. Georgia need not take the measures appropriate the actual negotiations concerning becoming member.

Consultative period

Operational plan of the consultative period is hard to elaborated on the present stage because the details of the final version must be specified after the references and recommendations.

Also I was given the list of EC regulations in Plant health.

03.50.20 - Plant health

32002R1040

Commission Regulation (EC) No 1040/2002 of 14 June 2002 establishing detailed rules

for the implementation of the provisions relating to the allocation of a financial contribution from the Community for plant-health control and repealing Regulation (EC) No 2051/97

32001R0703

Commission Regulation (EC) No 703/2001 of 6 April 2001 laying down the active substances of plant protection products to be assessed in the second stage of the work programme referred to in Article 8(2) of Council Directive 91/414/EEC and revising the list of Member States designated as rapporteurs for those substances

32001L0032

Commission Directive 2001/32/EC of 8 May 2001 recognising protected zones exposed to particular plant health risks in the Community and repealing Directive 92/76/EEC

32000R0645

Commission Regulation (EC) No 645/2000 of 28 March 2000 setting out detailed implementing rules necessary for the proper functioning of certain provisions of Article 7 of Council Directive 86/362/EEC and of Article 4 of Council Directive 90/642/EEC concerning the arrangements for monitoring the maximum levels of pesticide residues in and on cereals and products of plant origin, including fruit and vegetables, respectively

32000L0029

Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community

32002L0063

Commission Directive 2002/63/EC of 11 July 2002 establishing Community methods of sampling for the official control of pesticide residues in and on products of plant and animal origin and repealing Directive 79/700/EEC (Text with EEA relevance)

32001D0898

2001/898/EC: Commission Decision of 12 December 2001 setting out the arrangements for Community comparative trials and tests on propagating material of ornamental plants under Council Directive 98/56/EC (notified under document number C(2001) 4224)

32001D0896

2001/896/EC: Commission Decision of 12 December 2001 setting out the arrangements for Community comparative trials and tests on propagating and planting material of fruit plants under Council Directive 92/34/EEC (notified under document number C(2001) 4220)

32001D0679

2001/679/EC: Commission Decision of 29 August 2001 concerning the decision on the possible inclusion of certain active substances into Annex I to Directive 91/414/EEC (Text with EEA relevance) (notified under document number C(2001) 2495)

32001D0287

2001/287/EC: Commission Decision of 2 April 2001 recognising in principle the completeness of the dossier submitted for detailed examination in view of the possible inclusion of mesosulfuron methyl in Annex I to Council Directive 91/414/EEC

concerning the placing of plant-protection products on the market (Text with EEA relevance) (notified under document number C(2001) 1000)

32001L0032

Commission Directive 2001/32/EC of 8 May 2001 recognising protected zones exposed to particular plant health risks in the Community and repealing Directive 92/76/EEC

32000D0817

2000/817/EC: Commission Decision of 27 December 2000 concerning the non-inclusion of permethrin in Annex I to Council Directive 91/414/EEC and the withdrawal of authorisations for plant protection products containing this active substance (notified under document number C(2000) 4140) (Text with EEA relevance)

32000D0816

2000/816/EC: Commission Decision of 27 December 2000 concerning the non-inclusion of quintozone in Annex I to Council Directive 91/414/EEC and the withdrawal of authorisations for plant-protection products containing this active substance (notified under document number C(2000) 4136) (Text with EEA relevance)

32000D0801

2000/801/EC: Commission Decision of 20 December 2000 concerning the non-inclusion of lindane in Annex I to Council Directive 91/414/EEC and the withdrawal of authorisations for plant-protection products containing this active substance (notified under document number C(2000) 4014) (Text with EEA relevance)

32000D0725

2000/725/EC: Commission Decision of 20 November 2000 concerning the non-inclusion of tecnazene in Annex I to Council Directive 91/414/EEC and the withdrawal of authorisations for plant protection products containing this active substance (notified under document number C(2000) 3354) (Text with EEA relevance)

32000R0645

Commission Regulation (EC) No 645/2000 of 28 March 2000 setting out detailed implementing rules necessary for the proper functioning of certain provisions of Article 7 of Council Directive 86/362/EEC and of Article 4 of Council Directive 90/642/EEC concerning the arrangements for monitoring the maximum levels of pesticide residues in and on cereals and products of plant origin, including fruit and vegetables, respectively

32000D0358

2000/358/EC: Commission Decision of 24 May 2000 extending the possible time period for provisional authorisations of the new active substances flupyrsulfuron methyl, carfentrazone ethyl, prosulfuron, flurtamone, isoxaflutole (notified under document number C(2000) 1376) (Text with EEA relevance)

32000L0029

Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community

31999L0068

Commission Directive 1999/68/EC of 28 June 1999 setting out additional provisions for lists of varieties of ornamental plants as kept by suppliers under Council Directive 98/56/EC

31999L0066

Commission Directive 1999/66/EC of 28 June 1999 setting out requirements as to the label or other document made out by the supplier pursuant to Council Directive 98/56/EC

31998D0270

98/270/EC: Commission Decision of 7 April 1998 concerning the withdrawal of authorisations for plant protection products containing fenvalerate as an active substance (Text with EEA relevance)

31998L0082

Commission Directive 98/82/EC of 27 October 1998 amending the Annexes to Council Directives 86/362/EEC, 86/363/EEC and 90/642/EEC on the fixing of maximum levels for pesticide residues in and on cereals, foodstuffs of animal origin and certain products of plant origin, including fruit and vegetables respectively (Text with EEA relevance)

31998L0022

Commission Directive 98/22/EC of 15 April 1998 laying down the minimum conditions for carrying out plant health checks in the Community, at inspection posts other than those at the place of destination, of plants, plant products or other objects coming from third countries

31994L0003

Commission Directive 94/3/EC of 21 January 1994 establishing a procedure for the notification of interception of a consignment or a harmful organism from third countries and presenting an imminent phytosanitary danger

31993L0085

Council Directive 93/85/EEC of 4 October 1993 on the control of potato ring rot

31993L0079

Commission Directive 93/79/EEC of 21 September 1993 setting out additional implementing provisions for lists of varieties of fruit plant propagating material and fruit plants, as kept by suppliers under Council Directive 92/34/EEC

31993L0064

Commission Directive 93/64/EEC of 5 July 1993 setting out the implementing measures concerning the supervision and monitoring of suppliers and establishments pursuant to Council Directive 92/34/EEC on the marketing of fruit plant propagating material and fruit plants intended for fruit production

31993L0062

Commission Directive 93/62/EEC of 5 July 1993 setting out the implementing measures concerning the supervision and monitoring of suppliers and establishments pursuant to Council Directive 92/33/EEC on the marketing of vegetable propagating and planting material, other than seed

31993L0061

Commission Directive 93/61/EEC of 2 July 1993 setting out the schedules indicating the conditions to be met by vegetable propagating and planting material, other than seed pursuant to Council Directive 92/33/EEC

31993L0050

Commission Directive 93/50/EEC of 24 June 1993 specifying certain plants not listed in Annex V, part A to Council Directive 77/93/EEC, the producers of which, or the warehouses, dispatching centres in the production zones of such plants, shall be listed in an official register

31993L0049

Commission Directive 93/49/EEC of 23 June 1993 setting out the schedule indicating the conditions to be met by ornamental plant propagating material and ornamental plants pursuant to Council Directive 91/682/EEC

31993L0048

Commission Directive 93/48/EEC of 23 June 1993 setting out the schedule indicating the conditions to be met by fruit plant propagating material and fruit plants intended for fruit production, pursuant to Council Directive 92/34/EEC

31993L0017

Commission Directive 93/17/EEC of 30 March 1993 determining Community grades of basic seed potatoes, together with the conditions and designations applicable to such grades

31992L0105

Commission Directive 92/105/EEC of 3 December 1992 establishing a degree of standardization for plant passports to be used for the movement of certain plants, plant products or other objects within the Community, and establishing the detailed procedures related to the issuing of such plant passports and the conditions and detailed procedures for their replacement

31992L0090

Commission Directive 92/90/EEC of 3 November 1992 establishing obligations to which producers and importers of plants, plant products or other objects are subject and establishing details for their registration

31990L0642

Council Directive 90/642/EEC of 27 November 1990 on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables

31986L0363

Council Directive 86/363/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin

31986L0362

Council Directive 86/362/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals

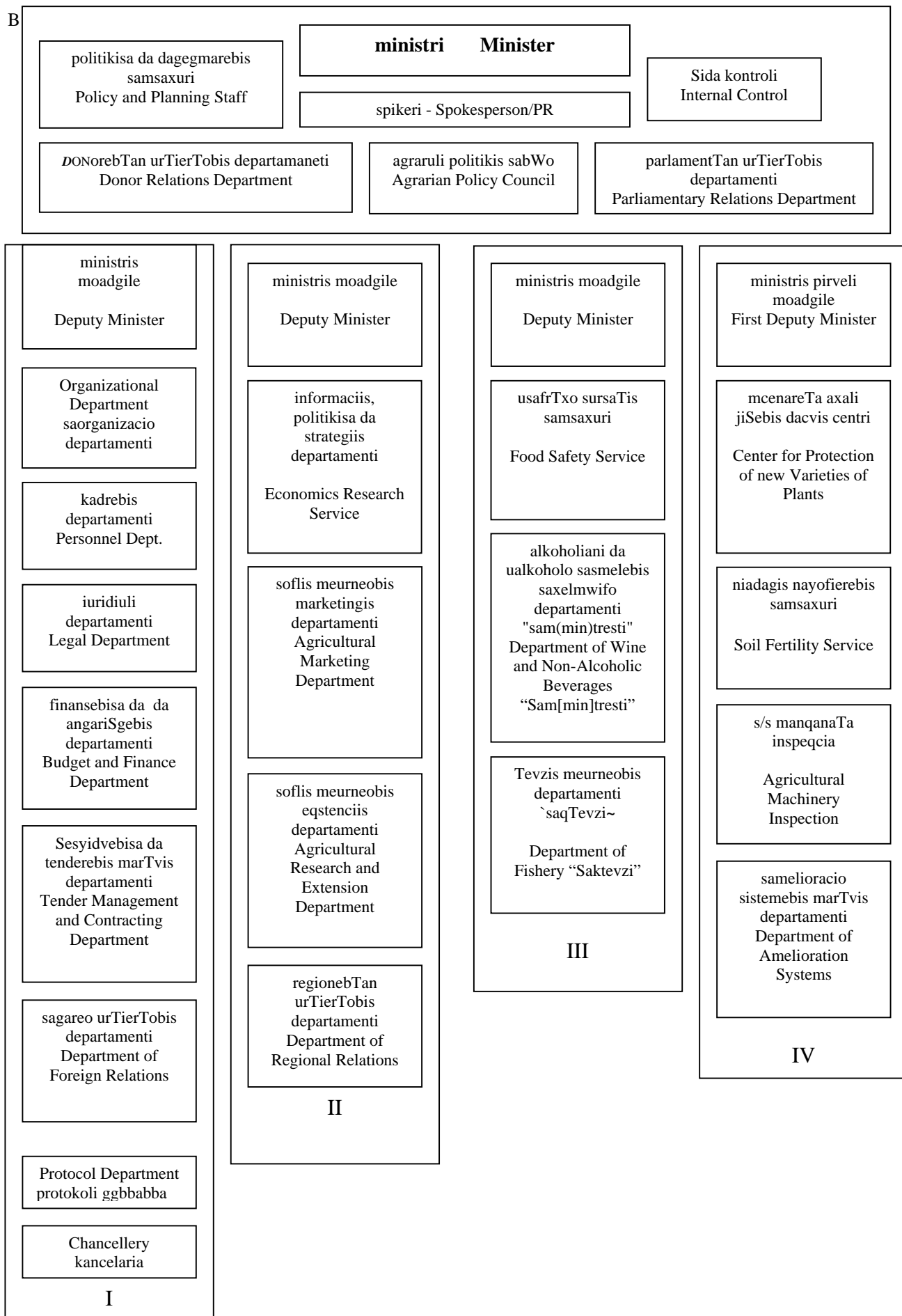
31976L0895

Council Directive 76/895/EEC of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables

31967L0427

Council Directive 67/427/EEC of 27 June 1967 on the use of certain preservatives for the surface treatment of citrus fruit and on the control measures to be used for the qualitative and quantitative analysis of preservatives in and on citrus fruit

ANNEX 8. SUMMARY ORGANIZATION CHART OF REORGANIZED MAF



ANNEX 9. DEFINITION OF “LEGAL ENTITY OF PUBLIC LAW”

November 4, 2002

Legal Entities of Public Law

Mamuka Matiashvili

This memorandum summarizes and comments on status, role and possible powers of Legal Entities of Public Law.

The Civil Code of Georgia gives the legal basis for all persons recognized under law. In particular, Article 1509 of the Code specifies entities, which are deemed to be Legal Entities of Public Law as well as the types of activities that can be carried on by these institutions.

The Civil Code of Georgia does not precisely define the procedure for the founding and functioning of Legal Entities of Public Law. It also failed to specify the level of state monitoring of them. Therefore, a special law “On the Legal Entity of Public Law” was adopted. This LEPL law regulates the organization of Legal Entities of Public Law and stipulates rules for their operation.

Article 3 of the Law of Georgia “On the Structure and Procedures of Operation of the Executive Branch” identifies institutions that are part to the Executive Branch of the Government of Georgia. Legal entities of public law are not included in this list.

The Law of Georgia “On the Legal Entity of Public Law” states, that a legal entity of public law can be founded on the basis of a law, a presidential decree or an administrative act of an agency of the executive branch of government, in the case specified explicitly by law. Article 2 of the LEPL law specifies that a legal entity of public law is an institution separate from agencies of the executive branch of government that, under government oversight, independently performs activities to accomplish social, educational, political and other tasks. In compliance with Clause 1 of Article 9 of this Law, a legal entity of public law cannot be established to carry out tasks that are directly within the competence of executive branch agencies of government. However, according to Article 3 of the LEPL law, a legal entity of public law is able to implement state control and supervision in cases specified explicitly by law.

Therefore, a legal entity of public law is not an agency of the national government, and so is also not an agency of the executive branch of government.

It should be noted that clause 2 of article 9 of the LEPL law specifies that a LEPL is not allowed to conduct business activities as its primary function, although it can carry out some business enterprises.

Article 3 of the Constitution of Georgia enumerates activities which are under the specific authority of the supreme state bodies. Included along with defense, foreign trade, national finance and other activities, is the border-sanitary cordon and legislation regulating

pharmaceuticals. So under this article, a LEPL, which by definition is not an agency of the national government, is unable to carry out activities, reserved to the supreme governmental bodies by the Constitution.

Therefore, in accord with Article 3 of the Constitution of Georgia, veterinary-sanitary and phytosanitary control at the frontier can be done only by agencies of the national government and its executive branch. Conduct of such activities by a legal entity of the public law is unconstitutional and requires immediate correction. Organization of the Veterinary Department as a legal entity of public law contradicts the Constitution of Georgia. Creation of air, railway and marine administrations as legal entities of public law within the Ministry of Transportation of Georgia with authority to implement supervision functions also clearly contradicts Article 3 of the Constitution, which identifies issues concerning ships and ports, airports, control over air transportation and registration, railways of state importance and roads and other kind of activities.

It can be seen that legislation governing legal entities of public law requires improvement. It is necessary to obtain the clear idea about objective, necessity and competence of such organization. Unless these legal defects are remedied, the legal relations of legal entities of public law will become uncontrollable.

It should be noted that procedures for managing legal entities of public law could be different from the procedures for managing agencies of the national government. An example is fees for government services. According to the preamble and Article 1 of the Law of Georgia “On the basis of the fee system,” a fee is defined as a payment for service provided by a government agency (executive agencies, local government and self-governments and courts). As already noted, a legal entity of public law is not an executive [governmental] agency and so, a LEPL is not authorized to collect fees. A legal entity of public law can be paid for services like any other legal entity, but this payment can never be categorized as a fee.

Finally, a legal entity of public law is a separate and independent institution. Only state control can be implemented over such an entity. Since it is by definition an independent legal entity, it cannot be part of the structure of a Ministry. Therefore, it would be much better if Legal Entities of the Public Law were not founded to perform activities overseen by governmental agencies. Otherwise, the executive branch faces the danger that its structural unity could collapse.

*Translated by Tiko Janashvili
November 14, 2002*

ANNEX 10. INTERNAL CONTROL UNIT REPORT ON THEFT OF IRRIGATION FACILITIES

To: David Kirvalidze
Minister of Agriculture and Food of Georgia
From: Gia Kobakhidze,
Head of the Internal Control Department

Order No. 134-M of October 25, 2002 assigned the Internal Control Department to study the theft of pipe owned by the Regional Administrations of the Amelioration Systems Management Department and adherence to the rules for writing them off from the balance.

In reference to this situation, we inform you of the following:

1. More than 3000 tons of steel pipes have been stolen in Dedoplistskaro from July 2001 through October 2002. The Head of the Dedoplistskaro Amelioration System Administration has informed the Public Prosecutor's Regional Office in writing six times, the Gamgebeli five times and the police twice indicating names of those stealing the pipes, also the titles of Limited Companies and the license numbers of vehicles (including passenger cars) that have been used for carrying pipes out from Dedoplistskaro (letters are enclosed). Despite this fact, nobody has been arrested for the theft of pipe and the illegal removal of pipes is still taking place.
2. The Head of the Signagi Amelioration Systems Administration has informed the Regional Gamgebeli and Head of the Police four times from 2000 up to now that 3 kilometer long and 1000 millimeter pipe has been illegally removed, pumps and locks of the pumping stations have been stolen as well as 400 and 500 millimeter pipes in the Jugaani village (letters are enclosed) though there has been no reaction from the appropriate Services.
3. Pipes were stolen in Gurjaani District in 1995-96. The Amelioration Systems Administration authorities informed appropriate agencies about the fact and those who stole the pipes have been arrested. The Administration owns steel and polyethylene pipes as spare parts. Revenues from their sales are used to carry out canal cleaning.
4. The Head of the Tashiskari (Khashuri) Amelioration Systems Administration informed the Regional Gamgebeli twice, the Public Prosecutor's Office once and the police seven times in written form about the theft of pipes on their balance. Names of those plundering the pipes are given in these letters (letters are enclosed). However, no one has reacted to the situation and thefts continue. The Administration owns steel, reinforced concrete and asbestos cement pipes as spare parts. Revenues from their sale are used to carry out exploitation and rehabilitation activities of amelioration systems.
5. The Head of the Kareli Amelioration Systems Administration has informed Mr. Tengiz Chikvaidze, Head of the Department, in written form, about the fact that on May 26, 2002 dismantling of a penstock coming from the No. 1 Pumping Station (under the Administration balance) of the "Malkhazis Tsveri" mechanical irrigation system was

accomplished by the "Triumph", an Individual Enterprise, which had concluded an Agreement with Nikoloz Kobaidze, an Individual Entrepreneur. The latter had concluded an Agreement with the Kareli Property Management Department; approval about the fact has not been given by the Amelioration Administration. Based on the documents at hand, the following becomes obvious: Mr. Albert Onduashvili, the Deputy of the Georgian Parliament from Kareli District and Head of the Kareli Property Management Department informed the Ministry of State Property Management in written form on May 22, 2002 about the fact of writing off main means under the balance of the Kareli Amelioration Systems Administration having no approval from the Administration. Mr. A. Ananiashvili, Head of the Property Management Department did not wait for the reply to this letter, which is dated as of June 21, 2002 (signed by Mr. Zurab Garakanidze, Deputy Minister of the State Property who considers appropriate to include the Unit in the privatization list) and was not probably interested in it as far as on May 10, Agreement about removal of pipes has been concluded with those organizations noted above as well as with "Nikoloz Kobaidze", an Individual Entrepreneur 10 days before sending the letter, and on May 14, 1000 GEL has been deposited on the account of the Property Management Department.

Mr. Tengiz Chikvaidze, Head of the Amelioration Systems Management Department has informed the Minister of State Property, representative of the President in Shida Kartli, Shida Kartli Regional Office of Public Prosecutor, Gamgeoba of Kareli District and Public Prosecutor's Office about the fact with the letter of May 30. As a result, pipe removal process has been stopped for some time followed by the Order No. 1-3/458 of June 28 of the Ministry of State Property Management about privatization of separate construction elements and building materials of "Malkahzis Tsveri" mechanical irrigation system units. The Amelioration Department assumption about the fact (considered by the Charter approved with the Order No. 1-3/77 of February 12, 2001 of the Ministry of State Property Management) has not been taken into account in the Ministry of State Property since the Order of June 28 has become known. Primarily Head of the Amelioration Systems Management Department and later, Mr. Giorgi Tkeshelashvili, Deputy Minister of Agriculture and Food of Georgia have informed the Ministry of Property Management about inappropriateness of stepwise privatization of the "Malkhazis Tsveri" mechanical irrigation system (e.g., tiles of the building roofing has been sold while the walls remained under the Administration balance). This assumption has not been shared. On the contrary, statement about units' privatization had not been yet published in the newspaper when the Head of the Kareli Property Management Department started with the dismantling process of pipes with the Order 21 of June 1, which is confirmed by letter No. 77 of June 5, 2002 of Mr. T. Razmadze, the Gamgebeli of Kareli District.

I would appreciate your decision.

Annex: 71 pages
Sincerely,
Gia Kobakhidze

*Translated by: Nino Beradze
November 18, 2002*

**ANNEX 11. REPORT FROM INTERNAL CONTROL UNIT ON CONFLICT OVER CONTROL OF
PRODUCE SOLD IN MARKETS IN KUTAISI**

To: David Kirvalidze
Minister of Agriculture and Food of Georgia

From: Gia Kobakhidze
Head of the Internal Control Department

[October 23, 2002]

MEMORANDUM

Mr. Kirvalidze,

In compliance with the Order #128-m, dated October 10, 2002 by the Minister of Agriculture and Food of Georgia, the following persons: Gia Kobakhidze, Head of the Internal Control Department; Murman Chitia, Lead Specialist of the same Department; Levan Khundadze, Vasil Chigladze, Irakli Inashvili - Financial Analysts of the RAPA project, and Irakli Donjashvili, the Lawyer of the same project, have visited Kutaisi to study the issues indicated in the memorandum by Omar Kereselidze, Head of the Imereti Regional Administration of the Agricultural Products and Flour Quality Inspection under the Ministry of Agriculture and Food of Georgia.

Fees for the expertise carried out in the veterinary-sanitary expertise laboratories of the agrarian markets and bazrobas are determined by the "Price-list for Paid Services Provided by the State Veterinary Service" approved by Ministerial Order number 32-242, dated December 11, 1997.

We have studied the current state of veterinary-sanitary expertise fee payments in the city markets. The employees of the veterinary-sanitary expertise laboratories carry out the quality control both for the livestock and plant production. But retailers try to avoid payments, in particular, while our visit to the so-called "catch market" territory, approximately 50 persons were selling the agricultural products and only 5 of them had fee payment receipts. We have compared the retailers' receipts with those preserved with the veterinary doctors, but no inadequacy has been revealed in content or in amount of receipts issued and received.

The reports of the staff-members of the number 1 veterinary-sanitary laboratory show that the status of fee payment for expertise has not been examined at the biggest agrarian market ("Pari" Ltd) since October 10. The sellers, stirred up by the market management, have refused to let the vet-sanitary service carry out analysis of the agricultural products and pay the fees. The staff-members of the laboratory advised the Head of the Veterinary Administration of this situation. He, in his turn, advised the management of the City Veterinary Department in his Letter number 72, dated October 10, 2002, about the anticipated danger of blocking the operation of the laboratory and introduction of the non-examined products dangerous to human health. The issue was resolved by October 18, 2002, and the laboratory resumed its usual schedule of operations.

The Veterinary Administration does not have any way to fine tax-evaders, which complicates the withdrawal of funds. This lack is a result of registration of the Veterinary Department by the Ministry of Justice as a controlling unit in compliance with Articles 3, 20, 28 and 33 of the Georgian Law on Veterinary Medicine. This registration does not allow conducting the veterinary-inspection activities, foreseen by the Articles 34, 38 and 39 of the same law.

R. Arveladze, Head of the Kutaisi Veterinary Administration, State Veterinary Inspector, has several times applied to the city authorities, directors of the agrarian markets and bazrobas who are directly responsible for collecting the payments, as their duty is not to allow the products to enter the market without passing the lab examination (copies of the letters are attached).

We estimate the number of strict registration receipts and the funds collected therefrom, which gives a clear picture. From January 1, 2002 through October 15, 2002, 9,882.40 lari have been generated, from which GEL 2 048 (37% of the total amount) have been transferred to the budget. So payments to budget from the funds generated is properly carried out. Therefore, the violations claimed in Omar Kereselidze's memorandum have not been shown to be true.

It should be noted, that there is no overall instruction to generate the sums to be paid for the expertise service according to the determined rates. For instance: the Kutaisi Veterinary Department has introduced the receipts for the strict registration expertise, through which the received funds are registered. It is not known how the collection of the fees at the other markets and bazrobas in other cities and districts are conducted. This needs to be examined.

The situation observed in Kutaisi leads us to the conclusion that it is necessary to merge the agricultural production quality and safety controlling services, as stated in the Instruction # 6-01-3/1797, by the Chamber of Control dated September 25, 2002.

We would kindly ask for your decision.

Annex: 22 pages in total.

Sincerely yours,

G. Kobakhidze

*Translated by Lika Margania
23.10.2002*

ANNEX 12. DOCUMENTS PREPARED BY THE PROJECT DURING THE REPORTING PERIOD

Series	Title	Author(s)	Date	Language(s)
Draft Law or Regulation	MAF order 2-131 of September 24, 2002 "On addenda to the charter of veterinary department approved by order 2-196 of Minister of Agriculture and Food of Georgia of August 12, 1999"	Matiashvili	10/11/2002	English
Draft Law or Regulation	MAF order 2-133 of September 26, 2002 "About measures for carrying out PD 1216 of September 24, 2002 'On further utilization of part of the remaining macaroni received as humanitarian aid by Georgia from the Italian government'"	Misheladze	10/12/2002	English
Draft Law or Regulation	MAF order 2-127 of September 23, 2002 "About approval of informational-consulting service center of farmers	Givi Merabishvili, Matiashvili	10/15/2002	English
Draft Law or Regulation	MAF order 2-138 of October 7, 2002 "About amendments in the MAF order 2-136a of August 29, 2001 "Concerning charter of MAF sub-departmental entity amelioration systems management department and its structural units."	Misheladze, Matiashvili	10/15/2002	English
Draft Law or Regulation	MAF order 2-120 of September 3, 2002 "On addenda to MAF order 2-196 of August 12, 1999 'On the statute of veterinary department of MAF'"	Matiashvili	10/21/2002	English
Draft Law or Regulation	MAF order 2-168 of November 20, 2002 "About timely implementation of assignments and eradication of violations and deficiencies revealed in the MAF administration during inspection carried out by the Chamber of Control in the agrarian sphere."	Givi Merabishvili, Managadze, Tabatadze	11/22/2002	English
Draft Law or Regulation	Order of the Minister of Agriculture and Food "On Mission of the Ministry of Agriculture and Food"	Matiashvili	12/19/2002	Georgian
Draft Law or Regulation	Explanatory note to the Minister of Agriculture and Food on cancellation of MAF order 2-79 of May 27, 2002 creating working group on EU legislation harmonization and MAF order 2-171 of November 29, 2002 on experts group working on EU partnership and collaboration issues and draft order to establish a unified working team on these issues.	Dangadze	12/24/2002	Georgian
Draft Law or Regulation	Draft order of the Minister of Agriculture and Food "On Mission of the Ministry of Agriculture and Food" (Also letter to the Ministry of finance)	Matiashvili	12/24/2002	Georgian
Legal Monitoring Report	MAF orders of September and October 2002 (From September 6, 2002 including October 8, 2002)	Dangadze	10/10/2002	English
Legal Monitoring Report	List of MAF orders from October 8, 2002 through November 1, 2002	Dangadze	11/7/2002	English
Legal Monitoring Report	MAF orders from November 1, 2002 through November 20, 2002	Dangadze	11/21/2002	English
Legal Monitoring Report	MAF orders from November 20, 2002 through December 2, 2002	Dangadze	12/3/2002	English

Legal Opinion	Opinion about overall structure of MAF	Matiashvili	10/4/2002	Georgian, English
Legal Opinion	Structure of MAF and functions of base units of MAF	Matiashvili	10/10/2002	Georgian, English
Legal Opinion	Legal status of Legal entities of public law	Matiashvili	11/5/2002	Georgian, English
Legal Opinion	Memo To Mr. Tkeshelashvili	Matiashvili	11/7/2002	Georgian
Legal Opinion	Legal opinion about unified service of licensing and permissions	Matiashvili	12/2/2002	Georgian
Legal Opinion	Conclusion on draft order of Minister of Transport and communications "About Delivering of Consignments in Georgian Railway"	Matiashvili	12/19/2002	Georgian
Letter	Letter to the Ministry of Finance, State Chancellery, Ministry of Justice	Matiashvili	10/30/2002	Georgian
Letter	Letter to the Minister of Finance, State Chancellery and Ministry of Justice	Matiashvili	11/1/2002	Georgian
Letter	Letter to the Ministry of State Property	Matiashvili	11/7/2002	Georgian
Letter	What is a voluntary standard?	Van Atta	11/27/2002	English
Letter	Letter to the Chamber of Commerce	Matiashvili	12/3/2002	Georgian
Letter	Letter to the Director of J.S.C. "Informatika"	Matiashvili	12/16/2002	Georgian
Letter	Letter to USAID (R. Kacharava, G. Minott).	Matiashvili	12/23/2002	Georgian, English
Letter	Letter to the President of Georgia	Matiashvili	12/26/2002	Georgian
Other	Draft structure of reorganized MAF	Van Atta	10/7/2002	Georgian, English
Other	Our Work Contract	Matiashvili	10/10/2002	Georgian
Other	Annotatsia voprosov, rassmotreny na Kollegii	Shengelia	10/24/2002	Russian
Other	structure of MAF	Matiashvili	11/15/2002	Georgian
Policy Study	Comments on Lease Terms	Shavgulidze	11/1/2002	English
Policy Study	Phytosanitary and Veterinary border inspection posts in EU member and Eastern European countries and their subordination.	Dangadze	11/4/2002	Georgian
Policy Study	An Overview of the Georgian Tea Sector	Shavgulidze	11/11/2002	English
Policy Study	World Prices for Essential Oils	Shavgulidze	11/21/2002	English
Policy Study	Comparison between Applied and Proposed Fee Levels on Veterinary and Phytosanitary Services	Shavgulidze	11/22/2002	English
Policy Study	Actions to fulfill Georgia's WTO obligations: SPS, Regulation Review, Standard Conversion and list of notifications	Shavgulidze	11/22/2002	English

Policy Study	Comments on the SAVE "Economic Constraints" document requested by Minister	Van Atta, Korakhashvili, Didebulidze, Shavgulidze	11/22/2002	English
Policy Study	Options for the Food Security Program	Van Atta	12/4/2002	English
Policy Study	Common Agrarian Policy of EU	Didebulidze	12/17/2002	Georgian
Policy Study	Summary of Dershem Larry, Sakandelidze Irakli. The Status of Households in Georgia, 2002, Save the Children, USAID, Tbilisi	Didebulidze	12/20/2002	Georgian
Policy Study	Impact of EU CAP on Georgian Agriculture	Didebulidze	12/27/2002	Georgian
Press release	Press Statement [on Peter Shaw's charges that Minister of Agriculture participated in his kidnapping]	Kurdovanidze, Maia Bigvava	12/14/2002	Georgian, English

ANNEX 13. PROJECT TRANSLATIONS DURING THE REPORTING PERIOD

Date	Title	Author	Requested By	Translator	Original Language	Target Language
10/1/2002	Structural arrangement of the service of Plant and animal health and food security (extract)	Mamuka Matiashvili			Georgian	English
10/1/2002	Structural Arrangement of the Service of Plant and Animal Health and Food Security- extract		Don Van Atta	Natia Gabelia, Tiko Janashvili	Georgian	English
10/1/2002	Structural Arrangement of the Service of plant and animal health and food security	Mamuka Matiashvili	Don Van Atta	Lisa Basishvili	Georgian	English
10/2/2002	Follow-on effort of the RAE		Don Van Atta	Lika Margania	English	Georgian
10/2/2002	Some necessary aspects for implementation of reorganization of the current inspection services	Mamuka Matiashvili	Don Van Atta	Lika Margania	Georgian	English
10/2/2002	Structural Arrangement of the Service of Plant and Animal Health and Food Security (extract)		Don Van Atta	Nino Beradze	Georgian	English
10/2/2002	Presidential Decree #252, April 3, 1996			Lika Margania	Georgian	English
10/3/2002	Explanatory Note (translation request)		Minister	Lika Margania	Georgian	English
10/3/2002	Target Program - Food Products Expertise and Monitoring Service			Nutsa Amirejibi	Georgian	English
10/4/2002	Letter of William Bateson to Shervashidze concerning ammonium nitrate			Nutsa Amirejibi	English	Georgian
10/5/2002	Presidential Decree number 8, dated January 10, 2002 on Approval of Instruction "On Inspection to be implemented by Anti-monopoly service of Georgia" [summary]		Don Van Atta	Tiko Janashvili	Georgian	English
10/7/2002	Letter by David Kirvalidze to Mr. Lance Clark			Lika Margania	Georgian	English
10/7/2002	Letter to the Head of EU Delegation		David Kirvalidze	Nutsa Amirejibi	Georgian	English
10/7/2002	Target Program (Cattle Routes) for 2003			Lika Margania	Georgian	English
10/8/2002	Food Products Expertise and Monitoring Service (letter to Mr. David Grigolia)	Teimuraz Chelidze	Don Van Atta	Rusudan Arveladze	Georgian	English
10/8/2002	Participants of the official delegation visited Imereti and Samegrelo regions on October 3-4, 2002	Giga Kurdovanidze		Lisa Basishvili	Georgian	English
10/8/2002	State Target Program - Fish Industry Department "Saktevzi"		Don Van Atta	Nutsa Amirejibi	Georgian	English

10/9/2002	Functions of the Unified Food Safety Service		Don Van Atta	Lika Margania	Georgian	English
10/9/2002	Minutes of the Restructuring Committee Meeting, October 2, 2002			Lika Margania	Georgian	English
10/9/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
10/9/2002	Order No 2-132 of Sept. 26, 2002 of the Minister of Agriculture and Food of Georgia about several urgent measures for ensuring veterinary (epizootic) safety in the country		Giorgi Iakobashvili	Nino Beradze	Georgian	English
10/9/2002	Order No. 1-02/46 of the Main Veterinary Inspector of Georgia about ensuring execution of the Order No. 2-132 of Sept. 26, 2002 of the Minister of Agriculture and Food of Georgia "About several urgent measures for veterinary (epizootic) safety in the country"		Giorgi Iakobashvili	Nino Beradze	Georgian	English
10/9/2002	What will the new Ministry, which must protect environment more, look like? ('dilis gazeti)	Tamar Sujashvili	Don Van Atta	Rusudan Arveladze	Georgian	English
10/9/2002	Ministerial Order about the approval of the list of the countries with the revealed diseases			Lika Margania	Georgian	English
10/9/2002	Charter of the Amelioration Systems Regulating Department			Nino Beradze	Georgian	English
10/10/2002	Target programs (solonetz and acid soils)		Don Van Atta	Natia Gabelia	Georgian	English
10/10/2002	The State Target program -Creation of farmer extension system			Lisa Basishvili	Georgian	English
10/10/2002	State Target Program "To plant the vineyard with unique variety of vine"	"Samtresti"		Lisa Basishvili	Georgian	English
10/10/2002	state target program of improvement of measures (chemical melioration)of low fertile solonetz and acid soils for 2003, and The state program on Soil protecting measures against erosion for 2002	Soil Fertility Department	Don Van Atta	Lisa Basishvili	Georgian	English
10/11/2002	Report of Internal Control Unit, October 11, 2002			Tiko Janashvili	Georgian	English
10/11/2002	Chart of a Unified Veterinary and Phytosanitary Service		Don Van Atta	Nino Beradze	Georgian	English
10/11/2002	MAF order 2-197 of October 13, 1999 "About transfer of seed production and nursery treasury enterprises and limited companies to the testing and protection inspection of selection achievements"		Don Van Atta	Giorgi Dangadze	Georgian	English
10/12/2002	Target Program Table			Lika Margania	Georgian	English

10/15/2002	Letter to the Deputy Minister (10.10.2002)	Seamus O'Grady		Nutsa Amirejibi	English	Georgian
10/15/2002	Statement of Cooperation Between The US Agency For International Development and The Ministry of Agriculture and Food of Georgia	USAID		Nutsa Amirejibi	English	Georgian
10/16/2002	The Order number 135-m of the Minister of Agriculture and Food, Explanatory Notes drafted by Mr. D. Shervashidze			Lisa Basishvili	Georgian	English
10/16/2002	MAF structural units functions, Annex number 3			Tiko Janashvili	Georgian	English
10/16/2002	Press Release, October 17, 2002		Minister	Lika Margania	English	Georgian
10/16/2002	Order About Mission to Kutaisi		Don Van Atta	Nutsa Amirejibi	Georgian	English
10/16/2002	Letter to Shervashidze about unification of units			Natia Gabelia	Georgian	English
10/16/2002	Target Program Table – Budget			Lika Margania	Georgian	English
10/17/2002	Letter to Mr. David Kirvalidze from the Head of the Agrarian Committee on the issue of Scientific-research Center of Agricultural Bio-technology		Don Van Atta	Nino Beradze	Georgian	English
10/17/2002	MAF order 2-79 of May 27, 2002 "About creation of a working group to promote implementation of agreement about partnership and cooperation between Georgia and the EU, and providing elaboration of the National program of harmonization of legislation of Georgia with the regulations of the EU.		Don Van Atta	Giorgi Dangadze	Georgian	English
10/18/2002	Reports about amelioration and veterinary medicine	G. Kobakhidze, Head of Internal Control Unit	Don Van Atta	Nutsa Amirejibi	Georgian	English
10/18/2002	Order number 2-140 about determination of work hours in relation to annulment of summer time on the whole territory of Georgia		Don Van Atta	Rusudan Arveladze	Georgian	English
10/18/2002	Instruction about arrangement of inspection by the State Anti-Monopoly Service of Georgia		Don Van Atta	Nino Beradze	Georgian	English
10/19/2002	Letter on future structure of MAF	Giorgi Tkeshelashvili	Don Van Atta	Rusudan Arveladze	Georgian	English
10/19/2002	Legal Opinion on Counterpart Fund		Don Van Atta	Tiko Janashvili	Georgian	English
10/21/2002	Benchmarks Draft		George Iakobashvili	Nino Beradze	English	Georgian
10/21/2002	Draft Benchmarks		Giorgi Iakobashvili	Nutsa Amirejibi	English	Georgian
10/21/2002	List of Field Visits		Don Van Atta	Lika Margania	Georgian	English

10/23/2002	Memo	Giorgi Tkeshelashvili	Don Van Atta	Rusudan Arveladze	Georgian	English
10/23/2002	Blank HACCP Forms	Graham Dale		Nutsa Amirejibi	English	Georgian
10/23/2002	Presidential Decree number 325 on enhancement of preventive measures against extremely dangerous contagious animal diseases throughout the country		Don Van Atta	Tiko Janashvili	Georgian	English
10/23/2002	Report	Gia Kobakhidze	Don Van Atta	Lika Margania	Georgian	English
10/24/2002	Decree of the minister of agriculture and food			Natia Gabelia	Georgian	English
10/24/2002	The act, drafted by Mr. I. Inashvili, on September 27 2002	L. Khundadze, I. Inashvili, I. Donjashvili	Don Van Atta	Lisa Basishvili	Georgian	English
10/25/2002	Ministerial Order 2-34, March 4, 2002 about the Plant Protection Reform			Lika Margania	Georgian	English
10/25/2002	Code of Practice For Production "HACCP"			Nutsa Amirejibi	English	Georgian
10/25/2002	Press Release, September 20, 2002, WTO doc. Extension of the protection of geographical indications for wines and spirits to geographical indications of other products		Minister	Nino Beradze	English	Georgian
10/28/2002	Extract from Instruction # 6-01-3/1797 by the Chamber of Control			Lika Margania	Georgian	English
10/29/2002	Modified Benchmarks			Nutsa Amirejibi		
10/29/2002	Information about the Implementation of the Resolution of the Special State Committee and the Presidential Decree # 325, August 13, 2001			Lika Margania	Georgian	English
10/29/2002	State Regulatory Board Ltd		Don Van Atta	Rusudan Arveladze	Georgian	English
10/30/2002	Letter to Kirvalidze	Don Van Atta	Minister	Lika Margania	English	Georgian
10/30/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
10/30/2002	Codex Structure	Codex Alimentarius Commission	Don Van Atta	Lika Margania	English	Georgian
10/30/2002	Draft Laws: "On Fees for Quarantine Service", "On Making Addenda to the Law of Georgia On Basics of Fee System", "On Making Amendments to the Law of Georgia on Veterinary Medicine", "On Making Amendments to the Law of Georgia on Agricultural Quarantine"		Don Van Atta	Tiko Janashvili	Georgian	English

10/31/2002	Statute of “Saktevzi”			Tiko Janashvili	Georgian	English
11/2/2002	Report Note of the Head of Amelioration Inspection to The Minister of Agriculture and Food of Georgia		Don Van Atta	Lisa Basishvili	Georgian	English
11/2/2002	About Urgent Measures to Regulate Lease of Agricultural Land and Observance of Terms Stipulated by Lease Contract	K. Khutsaidze, Department of Agricultural Production Services	Don Van Atta	Tiko Janashvili	Georgian	English
11/4/2002	Memo	O. Kacharava	Don Van Atta	Rusudan Arveladze	Georgian	English
11/5/2002	Memorandum	Gia Kobakhidze	Don Van Atta	Tiko Janashvili	Georgian	English
11/5/2002	United Democrats		Don Van Atta	Lika Margania	Georgian	English
11/5/2002	Memorandum to the Minister	Gia Kobakhidze	Don Van Atta	Nutsa Amirejibi	Georgian	English
11/6/2002	Quarterly Report	Don Van Atta		Lika Margania, Nutsa Amirejibi, Nino Beradze, Lisa Basishvili, Tiko Janashvili	English	Georgian
11/6/2002	Extension of the Protection of Geographical Indications for wines and spirits to geographical indications for other products (WTO/Council for Trade-Related Aspects of Intellectual Property Rights)		Minister	Nino Beradze	English	Georgian
11/10/2002	Tables annexed to State Regulatory Board Ltd document			Lika Margania	Georgian	English
11/13/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
11/14/2002	The Legal Entity of Public Law	Mamuka Matiashvili	Mamuka Matiashvili – Lawyer	Tiko Janashvili	Georgian	English
11/16/2002	Agri-Food Sector: Draft Order of the Minister of Agriculture and Food of Georgia and Related Info		Don Van Atta	Tiko Janashvili	Georgian	English
11/16/2002	Order No 428 of October 31, 2001 about the status of the State Business Institute of Tbilisi		Don Van Atta	Nino Beradze	Georgian	English
11/18/2002	Ministerial Order on Investigation of Activities accomplished by External Quarantine Administration of Plant Protection Service within MAF		Don Van Atta	Tiko Janashvili	Georgian	English
11/18/2002	Memorandum about theft of irrigation facilities		G. Kobakhidze	Nino Beradze	Georgian	English
11/19/2002	Agreement on Cooperation between MAF and Veterinary Department		Giorgi Iakobashvili	Nutsa Amirejibi	Georgian	English

11/19/2002	Memo of G. Kobakhidze, the Head of Internal Control Unit, 11.11.2002. Attached materials: letter of General Prosecutor's Office to Kobakhidze and the Minutes of Session of Agrarian Committee hold on 12.11.2002		Don Van Atta	Tiko Janashvili	Georgian	English
11/20/2002	MAF Structure, first page		Don Van Atta	Tiko Janashvili	Georgian	English
11/20/2002	1. Training Plan for the Reorganized Food Safety Inspections; 2. the Training Plan for USAID			Tiko Janashvili	Georgian	English
11/20/2002	Order number 2-164 about establishment of the coordination commission of the MAF reorganization		Don Van Atta	Rusudan Arveladze	Georgian	English
11/21/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
11/21/2002	Minutes of Session of WTO coordination working group, January 16, 2002		Don Van Atta	Tiko Janashvili	Georgian	English
11/21/2002	Letters to Ministry of Internal Affairs (12.11.2002), General Prosecutors' Office (12.11.2002), Anti-corruption Bureau of Georgia (12.11.2002), David Qomlianidze – the Presidential Representative in Shida Kartli region (12.11.2002)	David Shervashidze	Don Van Atta	Tiko Janashvili	Georgian	English
11/21/2002	Memorandum about amendments and addenda to the Tax Code	Ltd "Gorkoni"		Nino Beradze	Georgian	English
11/22/2002	Comments on SAVE "Assessment of Constraints to Agribusiness" requested by Kirvalidze	Don Van Atta		Lika Margania	English	Georgian
11/26/2002	Letter to Mr. Z. Lipartia, Head of the State Phytosanitary Quarantine Inspection	O. Katsitadze, General Director of the "Progresi" Ltd	Don Van Atta	Lika Margania	Georgian	English
11/27/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
11/27/2002	What is a 'voluntary' standard?	Don Van Atta	Kirvalidze	Giorgi Dangadze and Nino Abuseridze, specialist of food and processing industry department, MAF	English	Georgian
11/28/2002	Agenda of Bakuriani seminar			Tiko Janashvili	Georgian	English
11/30/2002	Benchmarks of the Internal Control			Lisa Basishvili	Georgian	English
12/2/2002	Letters of State Regulatory Board LTD			Tiko Janashvili	Georgian	English
12/2/2002	Letter to David Grigolia (translation of Codex Alimentarius Commission docs)	Teimuraz Chelidze		Lika Margania	English	Georgian

12/3/2002	Food safety: consumer protection or trade restriction		David Shervashidze	Natia Gabelia, Nino Beradze, Tiko Janashvili	English	Georgian
12/4/2002	Letter about exemption status	Gerald C. Render		Tiko Janashvili	English	Georgian
12/4/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
12/6/2002	1. ISO Management System; 2. US Codex Office. 3. Codex Alimentarius			Tiko Janashvili	English	Georgian
12/10/2002	Information concerning Codex Alimentarius			Tiko Janashvili	English	Georgian
12/12/2002	Recommendations over the arrangement of plans and reports of the Ministry, Charts for plans and reports	Giga Kurdovanidze		Lisa Basishvili	Georgian	English
12/12/2002	Decision # 63.2, June 29, 2001 on "Land use and registration"			Tiko Janashvili	English	Georgian
12/13/2002	Ministerial decree about field visit		Don Van Atta	Natia Gabelia	Georgian	English
12/13/2002	Draft Law on Issuance of License for production of grafting, seed and planting materials"		Don Van Atta	Tiko Janashvili	Georgian	English
12/14/2002	Food Safety: consumer protection or trade restriction		David Shervashidze	Lisa Basishvili	English	Georgian
12/17/2002	Letter to Giorgi Tkeshelashvili	Tengiz Chikvaidze	Don Van Atta	Lika Margania	Georgian	English
12/18/2002	Order about an amendment in the decree no. 2-164			Natia Gabelia	Georgian	English
12/20/2002	materials on Shaw case			Natia Gabelia	English	Georgian
12/20/2002	Notes and comments on wheat sector in Georgia (extract)	Charles Kelly		Tiko Janashvili	English	Georgian
12/21/2002	Report	Gia Kobakhidze	Don Van Atta	Natia Gabelia	Georgian	English
12/23/2002	Preliminary Benchmark accounting	Don Van Atta	David Kirvalidze	Lisa Basishvili	English	Georgian
12/23/2002	Listing of EU directives and regulations in the field of Veterinary, plant health and seed and seedling material.			Dangadze	English	Georgian
12/24/2002	Letter to the Ambassador of Japan and suggestions, 24.12.2002			Zurab Bregvadze	Georgian	English
12/25/2002	Letter to Minott, 12/25/2002	Mamuka Matiashvili		Tiko Janashvili	Georgian	English
12/25/2002	Notes and Comments on Wheat Sector in Georgia	Charles Kelly		Nino Beradze	English	Georgian
12/26/2002	MAF planning meeting minutes		Don Van Atta	Rusudan Arveladze	Georgian	English
12/26/2002	Resolution N 109, February 21, 1994, of the Cabinet of Ministers of the Republic of Georgia on the		Don Van Atta	Zurab Bregvadze	Georgian	English

	Forestry Department of the Republic of Georgia					
12/27/2002	material for web page			Natia Gabelia	English	Georgian
12/27/2002	MAF Structure			Tiko Janashvili	Georgian	English
12/27/2002	A minibus called Malawi		David Kirvalidze	Lisa Basishvili	English	Georgian
12/28/2002	Resolution N 404, July 8, 1995, of the Cabinet of Ministers of the Republic of Georgia on the Structure of the Forestry Department of the Republic of Georgia		Don Van Atta	Zurab Bregvadze	Georgian	English
12/30/2002	Instruction No. 847 on Violations revealed in the use of Unified Land Fund		Don Van Atta	Nino Beradze	Georgian	English
12/30/2002	Resolution N 254, May 13, 1995 on the Ministry of Agriculture and Food of the Republic of Georgia, Cabinet of Ministers of the Republic of Georgia		Don Van Atta	Zurab Bregvadze	Georgian	English

ANNEX 14. MAJOR MEETINGS AND TRAVEL DURING THE REPORTING PERIOD

10/1/2002	MAF restructuring commission	MAF	Don Van Atta – Chief of party, Bidzina Korakhashvili – senior analyst, Mamuka Matiashvili - Lawyer	Giorgi Tkeshelashvili – Deputy Minister, David Shervashidze – Deputy Minister, David Grigolia – Deputy Minister
10/3/2002	Structure and functions of department of "Saktevzi"	MAF	Mamuka Matiashvili - Lawyer, Giorgi Managadze - Lawyer	Zviad Cercvadze, Deputy head of department "Saktevzi"
10/3-4/2002	visit to West Georgia to monitor use of drought aid		Don Van Atta - Chief of Party, Lisa Basishvili - Translator, Giga Kurdovanidze - Outreach Coordinator, David Beridze - Driver, Dato Tskhvaradze, Koba Tsirekidze - Guard	David Kirvalidze - Minister - Ministry of Agriculture and Food, David Shervashidze - Deputy Minister - Ministry of Agriculture and Food, Lance Clark, UNDP coordinator
10/6/2002	visit to Kakheti to discuss progress of grape harvest	Kakheti	Giga Kurdovanidze - Outreach Coordinator	David Grigolia - Head of the Department Food and Processing Industry - Ministry of Agriculture and Food
10/8/2002	review of draft USAID OEG 5-year strategy		Don Van Atta - Chief of Party, Rati Shavgulidze - Analyst, Giorgi Managadze - Lawyer	
10/9/2002	Development of Poverty Reduction and Economic Growth Program	State Chancellery	Alexander Didebulidze - Senior Analyst	Temur Basilia
10/10-11/2002	Georgian-American Business Council V annual conference 'Building Economic Security for Georgia'	Tbilisi Marriott	Don Van Atta - Chief of Party	
10/17/2002	Harmonization of Standards	GEPLAC	Giorgi Dangadze - Lawyer	
10/19-20/2002	Elkana Organic Products Fair	Tbilisi	Giga Kurdovanidze - Outreach Coordinator	David Kirvalidze - Minister - Ministry of Agriculture and Food, Lance Clark - UNDP resident representative
10/20-27/2002	EU seminar "Anti-Poverty Strategies in the Mountain Regions of the Southern Caucasus"	Saragossa, Spain and other places in Aragon	Alexander Didebulidze - Senior Analyst	
10/22-28/2002	HACCP training	MAF	Don Van Atta, Bidzina Korakhashvili, Natia Gabelia, Nutsa Amirejibi	Graham Dale, SAVE; MAF Food and Processing Industry Department

10/24/2002	visit to Gori for SAVE	Gori	Don Van Atta - Chief of Party, Giga Kurdovanidze - Outreach Coordinator	Richard Miles, Ambassador, Michael Farbman - Mission Director - USAID/Caucasus, Al Williams - Business Development Advisor - USAID/Caucasus, Michael Peden, SAVE CoP, David Kirvalidze - Minister - Ministry of Agriculture and Food
10/25/2002	Press-conference in the Representation of Autonomous Republic of Ajara on effective enforcement of draft-law "About implementation of organic agricultural production and certification."	Representation of Autonomous Republic of Ajara in Tbilisi, 3/5 Tabidze St.,	Giorgi Dangadze - Lawyer	Mariam Gelashvili- Head of the Agro-ecology administration of MAF; Hamlet Chipashvili - Head of Representation, TV and newspaper reporters
10/25/2002	legal entities of public law	MAF	Mamuka Matiashvili - Lawyer	Giorgi Iakobashvili, advisor to Minister
10/30/2002	"Georgian Agrarian Policy," discussion organized by group of members of parliament of Georgia	National Library of Parliament, Tbilisi	Alexander Didebulidze - Senior Analyst	
11/7/2002	2nd Symposium on Technology and Project Finance, organized by DEIK/Turkish-Georgian Business Council	Tbilisi, Hotel Marriott	Bidzina Korakhashvili - Senior Analyst	David Grigolia-Deputy Minister
11/7/2002	Conference on agrichemicals by DUPONT	Tsinandali-Telavi, Georgia	Bidzina Korakhashvili - Senior Analyst	Giga Kurdovanidze, Tinatin Tivadze
11/9/2002	Burjanadze trip to Kvemo Kartli	Kvemo Kartli	Giga Kurdovanidze - Outreach Coordinator	Nino Burjanadze – speaker of Parliament, David Shervashidze - Deputy Minister - Ministry of Agriculture and Food, Levan Mamaladze
11/6-15/2002	various assistance to World Bank competitiveness mission	MAF project	Don Van Atta - Chief of Party, Rati Shavgulidze - Analyst, Giorgi Dangadze - Lawyer	Steven M. Jaffee, Senior economist, WB; Ishan Ajwad, Economist, Et al.
11/13-14/2002	Elaboration of a Vision of an Ecoregional Conservation Plan and Proposal of a Nature and Biodiversity Conservation Programme in the Caucasus Region	Tbilisi, World Wildlife Fund Office	Alexander Didebulidze - Senior Analyst	Prof. Schmidt-Kallert E., Dr. G.Sanadiradze, Dr. G. Bauer, Dr. N. Zazanashvili, Dr. V. Lejava

11/14/2002	Workshop on IFAD Country Strategy in Georgia		Rati Shavgulidze - Analyst	David Shervashidze - Deputy Minister - Ministry of Agriculture and Food, Ekkehard Clemens - MADI president, Noe Khozrevanidze - IFAD project coordinator
11/15-16/2002	Kirvalidze visit to Racha-Ambrolauri	Racha-Ambrolauri	Giga Kurdovanidze - Outreach Coordinator	David Kirvalidze - Minister - Ministry of Agriculture and Food, Niko Lekishvili, Tengiz Chikvaidze - Head of department of Amelioration and Water Economy - Ministry of Agriculture and Food
11/20/2002	preparation for MAF Anti-Corruption Workshop	Bakuriani	Giga Kurdovanidze - Outreach Coordinator, Tinatin Tivadze - Office Manager	
11/21/2002	visit GTZ project "Regional Cooperation and Stability"	Kvemo Kartli, Marneuli, Dmanisi raions	Giga Kurdovanidze - Outreach Coordinator	David Shervashidze - Deputy Minister - Ministry of Agriculture and Food; Kote Khutsaidze, FRG DCM
11/27/2002	One day seminar in Khobi (Mengrelia, Western Georgia) - concerning program of reduction of environmental pollution (2001-2005) river Khobistskali basin - Khobi, Tsaqlenjikha and Ckhorotsku regions, first stage of program implementation (2002-2003)	Khobi (Western Georgia)	Giorgi Dangadze - Lawyer	Staff of World Bank ARET project, Parliament deputies, NGO representatives and farmers
11/27/2002	meeting with UN ECE expert on biodiversity		Bidzina Korakhashvili - Senior Analyst	
11/28-30/2002	MAF work in anti-corruption and restructuring	Hotel "Tetri sakhli," Bakuriani	Don Van Atta - Chief of Party, David Beridze - Driver, Alexander Didebulidze - Senior Analyst, Bidzina Korakhashvili - Senior Analyst, Tinatin Tivadze - Office Manager, Giga Kurdovanidze - Outreach Coordinator, Tiko Janashvili - Translator, Lika Margania - Translator, Giorgi Misheladze - Lawyer, Dato Tskhvaradze	David Kirvalidze - Minister - Ministry of Agriculture and Food, David Shervashidze - Deputy Minister - Ministry of Agriculture and Food, Giorgi Tkeshelashvili, Mako Bigvava, Tamaz Kunchulia, Gia Kobakhidze - head, Internal Control Department - Ministry of Agriculture and Food, Vladimir Ugulava – chairman, Anti-Corruption Bureau of Georgia, Michael Farbman - Mission Director - USAID/Caucasus,

				Seamus O'Grady, EC FSP, Il'ia Kvitiashvili - World Bank, Marjory-Ann Bromhead - WB VP
12/2/2002	Kirvalidze meets with US Senator Conrad Burns	MAF	Don Van Atta - Chief of Party	David Kirvalidze - Minister - Ministry of Agriculture and Food, Senator Conrad Burns, Nicholas Dean - US Embassy Tbilisi
12/2/2002	USAID Advocacy training program (Mercy Corps-CARE)	Tbilisi	Bidzina Korakhashvili - Senior Analyst	
12/6/2002	Monitoring of WFP food aid program	Svaneti, Mestia	Giga Kurdovanidze - Outreach Coordinator	David Kirvalidze - Minister - Ministry of Agriculture and Food, Iveri Chelidze, Kote Khutsaidze
12/9-10/2002	Workshop: "Ecoregional Conservation Plan and Proposal of a Nature and Biodiversity Conservation in the Caucasus Region"	Tbilisi	Alexander Didebulidze - Senior Analyst	Kote Khutsaidze, Z. Tsekurishvili
12/10/2002	final review of MAF section of Poverty Reduction and Economic Growth Program (PREGP)	MAF	Alexander Didebulidze - Senior Analyst	
12/11-13/2002	UN FAO fruit growing sector rehabilitation project - legislative issues of fruit growing field	Hotel Sympathy - Tbilisi, Georgia	Giorgi Dangadze - Lawyer	Organizers, Horticulture scientific-research institution, MAF, Agrarian University.
12/11-27/2002	Training: Basic computer and network use for MAF staff	MAF	Vasili Bibiluri, Koba Makharadze	Five groups of 6-10 staff each from MAF
12/13/2002	presentation of SAVE and GEGI		Don Van Atta - Chief of Party	Mike Farbman; Gerry Andersen, Richard Miles, Al Williams - Business Development Advisor - USAID/Caucasus, OEG partners
12/13/2002	Draft Laws about Fees	Parliament of Georgia	Mamuka Matiashvili - Lawyer	
12/16/2002	Samtresti "Wine Psalm" opening	Institute of Winemaking, Tsinandali, Telavi Wine Cellars, Telavi	Don Van Atta - Chief of Party, David Beridze - Driver	David Kirvalidze - Minister - Ministry of Agriculture and Food, David Grigolia - Head of the Department Food and Processing Industry - Ministry of Agriculture and Food, Omar Kacharava, Maia Bigvava

12/17/2002	World Bank Administrative Reform plans	World Bank resident mission, Tbilisi	Don Van Atta – Chief of Party, Bidzina Korakhashvili – Senior Analyst	Elene Imnadze, WB Public Sector Reform Specialist
12/19/2002	session of PGREP Environment and Agricultural Commission	MAF	Alexander Didebulidze - Senior Analyst, Bidzina Korakhashvili - Senior Analyst	
12/23/2002	review of draft Georgia country paper for land policy conference	APLR office	Alexander Didebulidze - Senior Analyst	

ANNEX 15. ABBREVIATIONS

ABG	Agrobusiness Bank of Georgia
AoA	[WTO] Agreement on Agriculture
APU	Agricultural Policy Unit
ARET	World Bank Agricultural Research, Extension and Training Project
BASIS	Broadening Access and Strengthening Input Market Systems (USAID indefinite quantity contract)
CASE	Center for Social and Economic Research (Polish NGO)
DAI	Development Alternatives, Incorporated
DCM	Deputy Chief of Mission
DFID	Department for International Development
EBRD	European Bank for Reconstruction and Development
ECE	[UN] Economic Commission for Europe
EPPO	European Plant Protection Organization
EU	European Union
FSP	Food Security Program
GATT	General Agreement on Tariffs and Trade
GEGI	Georgia Enterprise Growth Initiative
GEPLAC	Georgian-European Policy and Legal Analysis Center
GOST	Gosudarstvennyi standart [Soviet state standard]
GTZ	Gesellschaft für Technische Zusammenarbeit
HACCP	Hazard Analysis and Critical Control Point [food safety methodology]
HS	Harmonized Standard
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
IPPC	International Plant Protection Convention
IRIS	Center for Institutional Reform and the Informal Sector, University of Maryland at College Park
MAF	Ministry of Agriculture and Food of Georgia
OECD	Organisation for Economic Co-operation and Development
OEG	USAID/Caucasus Office of Economic Growth
OIE	Organisation Internationale des Epizoties
RAPA	Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of Georgia
RARP	Regional Agricultural Revival Program
SAEPR	Sekcja Analiz Ekonomicznych Polityki Rolnej [Polish Foundation for Support to Agriculture APU]
Sakstandarti	Georgian State Department of Standards
SAVE	Support for Added-value Enterprises
SPS	[WTO] Sanitary and Phytosanitary Agreement
TBT	[WTO] Technical Barriers to Trade Agreement
USAID	United States Agency for International Development
USDA	United States Department of Agriculture

VAT	Value-added Tax
WFP	World Food Programme
WTO	World Trade Organization